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18 June 1985

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JAPANESE CONSULATE IN PUSAN RECEIVES BOMB THREAT

OW130509 Tokyo KYODO in English 0500 GMT 13 May 85

[Text] Seoul, May 13, KYODO--A man who made an anonymous telephone call to the Japanese consulate general in Pusan Sunday threatened to blow up the building in an apparent protest against the Japanese practice of fingerprinting Koreans and other foreigners.

A similar threatening phone call was made to the Japanese Embassy in Seoul last Friday.

According to YONHAP News Agency, the caller to Pusan is believed to have been a man in his 20's.

The caller questioned a consulate official about remarks by a senior officer of the Osaka prefectural police on Friday about Korean residents in Japan who are refusing to be fingerprinted.

When the official replied he was not in a position to comment on the matter, the caller threatened to blow up the Japanese diplomatic office, YONHAP said.

The policeman, Goro Tomita, director of the foreign affairs section of the prefectural police, said in a TV news interview that if foreigners refuse to be fingerprinted as required by Japanese law, they should return to their home countries.

His superiors later expressed regret over his remarks.

Protests against the Japanese practice of fingerprinting all foreigners when issuing and renewing alien registration certificates have been escalating among Korean residents in Japan and their Japanese supporters as well as in Seoul and elsewhere in South Korea, especially after a South Korean resident was arrested last Wednesday for his refusal to be fingerprinted.

Yi Sang-ho, 28, manager of a children's day-care center in Kawasaki near Tokyo, was reported to the public prosecutor's office two days after his arrest, but prosecutors released him without making a decision on whether a charge should be brought.

In the light of the worsening situation following the incident, the Japanese Foreign Ministry plans to hold working-level consultations with the Seoul government on the fingerprinting issue in Tokyo later this month.

CSO: 4100/501

SOVIET PLANE 'WENT MISSING' NEAR SAKHALIN

HK160808 Hong Kong AFP in English 0800 GMT 16 May 85

[Text] Tokyo, May 16 (AFP)--An unspecified Soviet aircraft went missing in the Sea of Japan off the Soviet far east coast today, Japanese officials said.

Japanese government sources, quoted by the local press, said it could have been a plane of the Soviet airline Aeroflot on an extraordinary flight.

Takehiko Nishiyama, head of the Foreign Ministry's European and Oceanic Affairs Bureau, told the Upper House Foreign Affairs Committee that a Soviet plane of an unspecified type went missing possibly inside Soviet territorial waters.

The Defense Agency has yet to ascertain if the plane was military or civilian. It went missing between 8 a.m. and 9 a.m. (2300 and 2400 GMT Wednesday), said Shinji Yazaki, head of the agency's Defense Bureau.

Quoting "various kinds of information," Mr Yazaki also told a news conference that the incident had occurred outside Japan's air-defense identification zone, 400-500 kilometers (250-312 miles) offshore.

The incident appeared to have taken place near the Soviet island of Sakhalin--in the same general area over which a Korean Air Lines Boeing 747 was shot down by Soviet missiles in September 1983 after straying into Soviet airspace over the strategic Sea of Okhotsk, press reports quoted government sources as saying.

Airspace over the Sea of Japan also serves as a corridor for TU-22M "Backfire," TU-95 "Bear," and TU-16 "Badger" bombers and other Soviet warplanes deployed in Siberia for Far East missions, including flights to Vietnam, according to Defense Agency data.

Prime Minister Yasuhiro Nakasone told Japanese reporters that he had been informed of the incident as an "unconfirmed report" but that he did not know any details.

KYODO News Agency reported the aircraft disappeared from radar screens of the Japanese self-defense forces while off Sakhalin after a flight from an area near Japan's Niigata Prefecture by the Sea of Japan.

Mr Yazaki refused to reveal how the agency had learned of the incident and the circumstances under which the aircraft went missing.

Aeroflot officials at Japanese airports including one at Niigata said their flights had arrived and departed on schedule without any incident.

According to the Japanese Transport Ministry, Aeroflot operates 10 passenger flights between Narita, outside Tokyo, and Moscow every week.

The Soviet national airline also flies one passenger flight and one cargo flight weekly between Niigata and Khabarovsk in the Soviet Maritime Province.

A press officer at the Soviet Embassy in Tokyo said the embassy had no information on any accident involving Soviet aircraft.

Military experts here said the Defense Agency might have gotten tips from Soviet radio communications. They said Japanese radar could detect aircraft movements up to about 400 kilometers (250 miles) away.

The military listening post at Wakkanai, Japan's northernmost tip, proved its capability by monitoring radio communications between Soviet airbases and Soviet fighters when the South Korean jetliner was shot down.

All 269 people of various nationalities on board that flight were presumed killed.

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POLITICAL AND SOCIOLOGICAL

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JAPANESE PAPER SAYS SOVIET RESCUE OPERATION UNDERWAY

HK161024 Hong Kong AFP in English 1007 GMT 16 May 85

[Excerpt] Tokyo, May 16 (AFP)--An unspecified Soviet aircraft went missing over the Sea of Japan off the Soviet Far East coast today, Japanese officials said, and reportedly may have crashed into the sea.

Japan Government sources, quoted by the local press, said it could have been a plane of the Soviet airline Aeroflot on an extraordinary flight.

The newspaper ASAHI in its evening edition reported that the plane had left the Soviet Maritime Province at about 8:10 a.m. (2310 GMT Wednesday) and went missing a few minutes after making a u-turn eastward at an altitude of some 1,800 meters (6,000 feet).

The plane might have crashed into the sea because a Soviet rescue operation began shortly afterwards, the paper said, quoting Japanese Defence Agency sources and other unspecified sources.

The incident took place just inside Soviet territorial waters, it added.

CSO: 4100/501

'NITTO MARU' SURVIVORS RETURN ON MSA PATROL BOAT

OW120458 Tokyo KYODO in English 0450 GMT 12 May 85

[Text] Wakkanai, Hokkaido, May 12, KYODO--Three fishermen aboard a Maritime Safety Agency (MSA) patrol boat came back home here Sunday after a 16-day ordeal in icy waters where they were dumped following the sinking of their vessel on April 23.

The patrol boat Rebun also carried the bodies of two other crewmen of the Nitto Maru No. 71. The two died while drifting in a life raft in the sea east of the Soviet island of Sakhalin.

The 11 other crew members of the 124-ton fishing vessel are presumed dead.

The safe landfall of the three "miracle survivors" was reported to their families last week as their funerals were getting underway.

About 1,200 people, including many of the survivors' family members, were on hand to welcome the fishermen as the patrol boat steamed into the port on the northern tip of Hokkaido at 8 a.m.

The three men--boatswain Ryosuke Ikeda, 43, Toshiyuki Matsuda, 40, and Taketaro Kagawa, 35--all sustained frostbite in their hands and legs, but otherwise they are in relatively good condition.

Speaking to reporters, they said they ran out of the emergency food 10 days after the accident and that they survived on seagulls which visited the life raft.

The three men got drinking water from floating ice, they said, adding they barely slept even at night for fear of dying from the cold. Temperatures in the region fell below zero at night.

The rubber boat landed ashore near Terpeniya peninsula on the east coast of the Soviet island in the early morning of May 9 and they walked to a Soviet coast guard base about one kilometer away.

The fishermen received medical treatment and got supplies of clothing and footwear from Soviet authorities.

MSA officials said they plan to question the three men about the cause of the accident.

The Nitto Maru went down without warning in the early hours of April 23. At the time, the sea was calm and the captain and another crewmen were on duty, according to the survivors.

The life raft could take 20 people but only five of the 16 crewmen managed to climb on, the three men added.

CSO: 4100/501

UN CHIEF TO VISIT IN JUNE, DISCUSS GULF WAR

OW111325 Tokyo KYODO in English 1124 GMT 11 May 85

[Text] Tokyo, May 11, KYODO--United Nations Secretary General Javier Perez de Cuellar of Peru will visit Japan next month for talks with Japanese leaders on ways to end the protracted Iran-Iraq war, government sources said Saturday.

The sources said De Cuellar is scheduled to hold separate meetings with Prime Minister Yasuhiro Nakasone and Foreign Minister Shintaro Abe during his stay from June 22-25.

The main purpose of his visit is to attend United Nations functions at the international science exposition, Expo '85, at Tsukuba, north of Tokyo.

The sources said, however, that De Cuellar will also exchange views on ways to create an environment favorable to ending the hostility between Iran and Iraq in his talks with the Japanese leaders.

De Cuellar visited the two warring countries in April and proposed an eight-point peace plan in his efforts to end the conflict.

His visit precedes a trip to Japan by Hojjat ol-Eslam Hashemi-Rafsanjani, speaker of the Islamic Consultative Assembly and Iran's No. 2 man, scheduled for early July.

Iran and Iraq have so far failed to respond to the peace proposal advanced by De Cuellar. The U.N. official, however, has been continuing informal contacts with the two countries and hopes Japan may be able to help achieve peace in the Middle East as the only Western nation having favorable relations with both nations.

The key to peace is how Iran will respond to De Cuellar's invitation to attend the U.N. Security Council to discuss the Gulf war, according to Foreign Ministry officials.

Iran has so far refused to attend a Security Council session, claiming the council has failed to denounce Iraq for using chemical weapons against Iran.

De Cuellar and Japanese officials are also expected to exchange views on the 40th anniversary of the founding of the United Nations and reorganization of the U.N. Educational, Scientific and Cultural Organization (UNESCO), the sources said.

CSO: 4100/501

POLITICAL AND SOCIOLOGICAL

NAKASONE BRIEFS DIETMEN ON SDI, BONN SUMMIT

OW092255 Beijing XINHUA in English 1936 GMT 9 May 85

[Text] Tokyo, May 9 (XINHUA)--Japanese Prime Minister Yasuhiro Nakasone today briefed a plenum of the House of Representatives on the summit of seven industrialized nations in Bonn and answered questions raised by the representatives.

Nakasone said that his government found the U.S. Strategic Defense Initiative (SDI) morally justifiable, but would have to examine it carefully before deciding whether Japan would participate in the program.

He told the Lower House that the political declaration that resulted from the summit evaluated the U.S. proposals to reduce strategic and medium-range nuclear weapons at the Geneva disarmament talks, but the SDI, or "star wars" concept, was not included in the evaluation.

On new multilateral trade negotiation, the prime minister said Japan will begin next spring by attempting to persuade France and other developing countries of the value of the negotiation, which is mainly aimed at lifting tariff barriers.

For the same purpose, he added, Japan will implement open-market measures it announced on April 9.

The Japanese government will outline an "action program" in this respect after studying the mid-term reports by its departments, Nakasone said.

On the issue of Korea, Nakasone held that dialogues are necessary and that relations between Japan and the Democratic People's Republic of Korea will be handled carefully in light of the dialogues between the North and the South peninsulas.

CSO: 4100/501

POLITICAL AND SOCIOLOGICAL

NAKASONE RECEIVES SFRY VICE PREMIER SUKOVIC

OW101247 Tokyo KYODO in English 1107 GMT 10 May 85

[Text] Tokyo, May 10, KYODO--Visiting Yugoslavian Vice Premier Mijat Sukovic called on Prime Minister Yasuhiro Nakasone Friday and handed over a letter from Yugoslavian Premier Milka Planinc inviting Nakasone to visit the Balkan country.

Nakasone expressed thanks for the invitation, saying that he will have diplomatic officials study the matter.

Sukovic asked for promotion of Japan-Yugoslavia cooperation in techno-science, joint business and financial fields, pointing out that foreign investors can invest without fear because Yugoslavia is politically stable. Nakasone promised to convey the request to the government offices concerned.

Japan respects Yugoslavia's non-aligned policy and will continue financial support to that country together with the U.S., Britain and West Germany, Nakasone said.

Sukovic also requested the opening of regular air service linking the two countries to promote tourism.

In a press conference here earlier in the day, Sukovic referred to new Soviet party chief Mikhail Gorbachev, saying that Gorbachev appears determined to undertake economic reform. Sukovic, however, was cautious on whether the Soviet Union would show a substantial change economically and politically. Even Gorbachev may not transcend the Soviet social structure because he, too, is a product of the Soviet political and economic systems, he predicted.

On the U.S.-Soviet disarmament talks in Geneva, the Yugoslavian leader spoke positively of the contacts between the two superpowers, but he also expressed concern about the fact that, after the first round of talks, Washington and Moscow are accusing each other.

Sukovic expressed strong hopes for more economic and technological cooperation with Japan, including the opening of regular direct air service between the two countries.

CSO: 4100/501

POLITICAL AND SOCIOLOGICAL

TANAKA NOT RETURNING TO TOKYO TEISHIN HOSPITAL

OW161221 Tokyo KYODO in English 1146 GMT 16 May 85

[Excerpt] Tokyo, May 16, KYODO--Ailing former Prime Minister Kakuei Tanaka will continue to be at home and will not go back to the Tokyo Teishin Hospital where he had been hospitalized until he left it late last month, his family said Thursday.

His family told the hospital earlier in the day that Tanaka chose to be away from the hospital and left the hospital officially on the day.

Whether Tanaka will seek another hospital or receive treatment at home is not immediately known.

The 67-year-old former prime minister was taken to Tokyo Teishin Hospital after suffering a stroke on February 27 and left the hospital at his will on April 29 without fully recuperating.

In a brief statement, his daughter Makiko and her husband and Dietman Naoki Tanaka said the choice was made by the former prime minister who "does not want to cause trouble to the hospital and to other patients because of his presence there."

Tanaka will undergo rehabilitation and seek doctors' advice when necessary, the statement said without mentioning where.

The hospital was urging Tanaka to come back for further treatment.

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POLITICAL AND SOCIOLOGICAL

KAKUEI TANAKA OFFICIALLY OUT OF HOSPITAL

OW160943 Tokyo KYODO in English 0926 GMT 16 May 85

[Text] Tokyo, May 16, KYODO--Former Prime Minister Kakuei Tanaka left hospital officially on Thursday, his daughter announced.

Tanaka's daughter Makiko and her husband and Dietman Naoki Tanaka released the brief announcement to newsmen and did not answer questions.

The 67-year-old former prime minister was taken to Tokyo Teishin Hospital after suffering a stroke on February 27. But Tanaka has been out of the hospital since April 29 and recuperating at home, according to doctors.

Dr. Tsunehiko Watanabe, head of the state-run hospital, and Tanaka's Secretary Shigezo Hayasaka jointly announced on May 11 that Tanaka was not at hospital but at his home.

On the same day, Tanaka's daughter and son-in-law issued a statement, saying Tanaka's family had nothing to do with the announcement and that ties were severed between the family and the hospital.

Political pundits believed that there was a sharp difference of view between the hospital and the Tanaka family over how to continue medical treatment.

Doctors at Tokyo Teishin Hospital said after its initial diagnosis the former prime minister had suffered a cerebral infarction, a loss of blood supply to the brain, and would require two or three months to recover.

Tanaka is regarded as Japan's most powerful politician.

As head of the largest faction within the ruling Liberal-Democratic Party (LDP) he was instrumental in pushing to power at least three prime ministers--the late Masayoshi Ohira, Zenko Suzuki and Yasuhiro Nakasone.

CSO: 4100/501

POLITICAL AND SOCIOLOGICAL

MOSCOW ASKED TO EASE GRAVE VISITATION PROCEDURES

OW130237 Tokyo KYODO in English 0228 GMT 13 May 85

[Text] Moscow, May 12, KYODO--Japan asked the Soviet Union Sunday to reconsider its refusal to ease entry requirements for Japanese people wishing to visit ancestral graves within its territories.

The request was made through the Japanese Embassy in Moscow shortly after the Embassy had been notified by the Soviet authorities that Japanese wishing to visit graves on either the northern islands or the mainland would have to go through the normal entry procedures, which are liable to be lengthy.

The Soviets had said Japanese can enter Soviet territory through regular entry procedures to visit graves in the Soviet far eastern city of Khabarovsk Nakhodka, the Sakhalin cities of Yuzhno-Sakhalinsk, Kholmsk, Nevelsk and Gornozavodsk and other areas in the Japanese-claimed northern islands.

Five other areas in the Soviet mainland specified by Japan were not included in the permission.

The embassy said Japan regretted that the Soviets required ordinary entry procedures to be followed by people wishing to make ancestral grave visits and asked for reconsideration of the matter.

Because of problems over entry procedures, Japanese people who formerly resided in the northern islands, held by the Soviet Union since the end of World War II, have not visited ancestral graves since 1976.

CSO: 4100/501

POLITICAL AND SOCIOLOGICAL

'PEACE' CRUISE RETURNS FROM USSR, PRC, DPRK

OW101253 Tokyo KYODO in English 1237 GMT 10 May 85

[Text] Nagasaki, May 10, KYODO--A peace-promoting Japan peaceboat returned to Nagasaki port Friday evening after visiting the Soviet Union, North Korea and China.

Some 300 unionists, students and housewives participated in the "Japan Sea-Asia Peaceboat" cruise organized by Dietman Tokuma Utsunomiya, novelist Makoto Oda, former labor leader Akira Iwai, and their supporters.

The floating "peace university" left Niigata port on April '26 and the participants visited Khabarovsk, Pyongyang, Tianjin and Beijing. The cruise promoted exchange with people of socialist countries, involving a peace rally in Beijing and a peace demonstration in Khabarovsk.

On board the peaceboat, 120 lectures were given on such subjects as basic knowledge of today's Soviet Union and the unification of Korea.

Oda, one of the lecturers of the floating "peace university" told a press conference at the pier in Nagasaki port Friday evening, "many Japanese have a strong prejudice that the Soviet Union and North Korea are 'dreadful countries.' But throughout the peaceboat cruise, the participants have discarded their prejudice against these countries. They cannot help but have learned through their skin what true peace is really about."

CSO: 4100/501

POLITICAL AND SOCIOLOGICAL

SOVIET VICE PREMIER VISITS USSR'S TSUKUBA EXHIBIT

OW130519 Tokyo KYODO in English 0455 GMT 13 May 85

[Article by Antonio Kamiya]

[Text] Tsukuba, Ibaraki Pref., May 13, KYODO--The Soviet Union marked its "National Day" at the science expo here Monday with a call for peace coupled with a colorful national dance show.

Soviet Vice Premier Aleksey Antonov, who came to Japan specially for the "National Day" event, mingled politics with a call for "mutual friendship and understanding" in a speech at the expo plaza.

Antonov told the audience that the Soviet Union wants peace and went on to put the Soviet case on arms control and disarmament policy.

With the speech-making over, the Soviets put on a colorful folk dance show that attracted nearly 2,000 spectators to the open-air plaza.

Antonov said the Soviet pavilion had attracted 1.6 million visitors since the expo was opened on March 17, making it one of the most popular foreign pavilions.

The Soviet Union is the ninth country to celebrate its "National Day" among the 37 foreign countries participating in the six-month exposition on science and technology.

With its main theme "Let Peace Prevail at Your Home," the Soviet pavilion features Soviet scientific achievements, with particular emphasis on space technology, medical science and man's future living environment.

Visitors to the pavilion Monday said they were impressed by the Soviet display.

"What I saw makes me feel that the Soviet Union is brighter than I had previously imagined it to be," said Mitsuo Yui, an architect from Tokyo, in a comment about the Soviet pavilion.

"It seems that they (also) live the same kind of life we do," he said.

Yui's remarks were typical among a sample of visitors interviewed at the exit of the Soviet pavilion.

Most said they came to learn more about what one visitor called, "a country we know so little from newspapers."

Antonov, in his remarks at the National Day celebration, also emphasized the need for mutual understanding through international exhibitions.

As with Antonov's address, one feature that marks the Soviet pavilion is the political message that mingles with the displays.

A huge bust of Lenin dominates the entrance to the pavilion, but visitors seemed attracted more by exhibits of Soviet scientific achievements, particularly concerning space and medical science, than political tracts that were freely distributed on the spot.

"Politics? It really doesn't bother me," one visitor declared as he emerged from the pavilion and hurried to see another part of the expo.

CSO: 4100/501

VICE DEFENSE MINISTER LEAVES FOR PRC 9 MAY

OW090159 Tokyo KYODO in English 0147 GMT 9 May 85

[Text] Tokyo, May 9, KYODO--Vice Defense Minister Haruo Natsume left Thursday for a week-long visit to China for a series of talks with Chinese defense officials.

Natsume is the highest Japanese defense official to visit China since the two countries established diplomatic relations in 1972.

During his stay through May 15, Natsume will meet Defense Minister Zhang Aiping and senior officers of the People's Liberation Army (PLA).

He will also visit PLA units in Tianjin, Xian and Shanghai.

Talks with the Chinese will focus on the military situation in the Far East, particularly Soviet military moves there, Defense Agency sources said.

China, which wants to modernize PLA armament, may ask about buying advanced Japanese military technology. However, Japan cannot do this because of its arms embargo policy, the sources said.

State Minister and Defense Agency Chief Koichi Kato may follow Natsume to China later this year, separate government sources said.

Defense Minister Zhang visited Tokyo last July and agreed with then Defense Agency head Yuko Kurihara to promote exchanges of military personnel.

CSO: 4100/501

LDP'S KANEMARU TO VISIT PRC IN SUMMER FOR TALKS

OW150923 Tokyo KYODO in English 0836 GMT 15 May 85

[Text] Tokyo, May 15, KYODO--Shin Kanemaru, secretary general of Japan's ruling Liberal-Democratic Party (LDP), will visit China this summer for talks with Chinese leaders probably on relations between the communist country and Taiwan, LDP sources said Wednesday.

The senior LDP executive maintained close contact with Taiwan even after Japan severed its diplomatic relations with the island in favor of normalizing ties with China in 1972 when Prime Minister Kakuei Tanaka was in office.

Kanemaru, Tanaka's top aide, has been invited by the Chinese government and he will visit Beijing as a special envoy of Prime Minister Yasuhiro Nakasone, the LDP sources said.

The sources said Kanemaru will carry Nakasone's personal letter to Chinese leaders.

Kanemaru visited Taiwan twice last year--first in May on the occasion of President Chiang Ching-kuo's inauguration and then in November shortly after Kanemaru took office as LDP's No. 3 man.

He was the first LDP secretary general to visit Taipei since the normalization of relations between Tokyo and Beijing.

The LDP sources said Kanemaru was invited by China first in February when he met Ding Min, minister at the Chinese Embassy in Tokyo.

Because of his close ties with Taiwan, Kanemaru was reluctant to accept the invitation at the time but later changed his attitude when personally requested by Nakasone in April to visit China, according to the LDP sources.

"I want you to go to China by all means. And when you do, please take my personal letter," Nakasone was quoted as telling Kanemaru.

The LDP sources said Kanemaru will probably visit China in mid or late July and is expected to have talks with Communist Party Elder Deng Xiaoping, General Secretary Hu Yaobang and other party and government leaders.

CSO: 4100/501

PRC'S FANG YI STRESSES TSUKABA EXPO'S IMPORTANCE

OW170357 Tokyo KYODO in English 0345 GMT 17 May 85

[Text] Tsukuba, Ibaraki Pref., May 17, KYODO--China marked its "National Day" at the science expo Friday with a 2,400-year-old court dance performance and a call for international technological exchanges.

The classical "bell music" dance show, like the exhibits of modern science and ancient arts and crafts displayed at the Chinese pavilion, marked a Chinese government effort to blend the past with the future.

State Councillor Fang Yi said in a speech at the expo plaza that China "attaches great significance" to the expo as a source for learning about the latest scientific and technological marvels.

He said the chance to participate in the expo and see other pavilions was "a splendid opportunity" for the Chinese.

"Tens of thousands of Chinese visitors have already visited the expo," Fang said in a prepared statement.

In another move reflecting the deep Chinese interest in the science expo, Fang said, a delegation of 800 Chinese scientists and technicians will arrive in Japan this Sunday for a four-day tour of the expo.

Fang, who made a visit to the expo site last year in his capacity as chairman of the State Scientific and Technological Commission, said China wants further exchanges in science and technology with foreign countries as part of its modernization efforts.

CSO: 4100/501

POLITICAL AND SOCIOLOGICAL

ROK MINISTER VISITS PRC, SOVIET PAVILIONS

OW150845 Tokyo KYODO in English 0814 GMT 15 May 85

[Text] Tsukuba, Ibaraki Pref., May 15, KYODO--South Korea's Culture and Information Minister Yi Won-hong, his vision probably set toward the 1988 Seoul Olympics, Wednesday plunged into "expo" diplomacy with a highly publicized call to the Soviet and Chinese pavilions at the science exposition here.

Yi, who came to Japan to officiate at the South Korean "National Day" program at the expo, took time out to visit the two communist bloc pavilions after National Day celebrations at the expo plaza.

The South Korean cabinet minister was accompanied by his wife, Kang Pok-ui, and their daughter, Hyon Chu.

The Yi party was received by Nikolay Filippov, the top government representative at the Soviet pavilion, and then made a 30-minute inspection tour, listening to detailed explanation, in Japanese, from a Soviet pavilion official.

Yi later made another stop at the Chinese pavilion where he was greeted by Li Jiang, deputy head of the Chinese pavilion.

Both Soviet and Chinese officials stressed they were directly involved in arranging the Yi visit.

Yi "is a guest of the expo authorities, and we welcome all expo guests," one Chinese pavilion spokesman said, a point repeated by a Soviet pavilion official.

South Korean sources also insisted there was "no political significance" behind Yi's visit to the two pavilions, but said the visit had been "cleared by the government back home."

Yi "wanted very much to see the Chinese and Soviet pavilions for himself," a Korean pavilion official said.

He said the Soviet and Chinese pavilions, the biggest among the 47 foreign entries, had been "major attractions" for visiting South Korean dignitaries.

"After all, they usually don't have the opportunity to see Chinese and Soviet things," the official explained.

Yi inferred to his willingness to cross "ideological barriers" during his one-day tour of Tsukuba when he told a gathering earlier Wednesday that he hoped science would "cross ideological barriers and play a decisive role in strengthening the bond of humankind."

Yi's remarks were made in an address he delivered at the expo plaza marking the South Korean "National Day."

The "National Day" celebrations were capped by a 50-minute folk dance extravaganza which drew thunderous applause from the standing-room only crowd.

The Korean dance show--staged by the internationally celebrated Kang Son-yoong Folk Dance Troupe and the Little Angels Folk Dance Troupe--will continue through Sunday as part of the special attractions of the Korea week.

Although South Korean officials have sought to play down the political significance of Yi's trip to the Chinese and Soviet pavilions, the visit was seen by some diplomatic observers as part of Seoul's current diplomatic effort to increase contacts with the communist bloc.

South Korea, which has no diplomatic relations with both China and the Soviet Union, has called on the two countries to take part in the 1988 Seoul Olympics.

The only other government pavilions Yi chose to visit during his one-day trip to Tsukuba was the U.S. pavilion and Japan's theme and history pavilions.

CSO: 4100/501

POLITICAL AND SOCIOLOGICAL

JPRS-JAR-85-015
18 June 1985

MINISTER INSPECTS SOVIET, PRC PAVILIONS IN JAPAN

SK160141 Seoul YONHAP in English 0135 GMT 16 May 85

[Text] Tokyo, May 16 (YONHAP)--Yi Won-hong, South Korea's culture and information minister, visited Wednesday the Soviet and Chinese pavilions at Japan's 1985 science exposition at Tsukuba.

The Korean minister was received at the entrance of the Soviet pavilion by Nikolay Filippov, the top Soviet government representative at the pavilion, and spent about half an hour inspecting the articles including satellite.

Yi also inspected the Chinese pavilion, guided by Li Jiang, deputy head of the pavilion.

Yi met again the Soviet official later in the day at the "Korea Day" reception, held at the Korean pavilion. Among about 200 invited guests was Filippov and other Soviet officials.

Yi and Filippov chatted about eight minutes exchanging views on the two nations' developments in scientific areas during the party.

The Korean minister is visiting Japan to attend his country's day observations at the Tsukuba fair.

CSO: 4100/501

JPRS-JAR-85-015
18 June 1985

POLITICAL AND SOCIOLOGICAL

JSP DELEGATION LEAVES FOR PYONGYANG VISIT

OW200111 Tokyo KYODO in English 0035 GMT 20 May 85

[Text] Tokyo, May 20, KYODO--A high-powered mission from Japan's main opposition party, the Japan Socialist Party, left for a five-day tour of North Korea Monday.

The group will arrive in Pyongyang Tuesday after an overnight stay in Beijing.

The eight-member delegation, led by party Secretary General Makoto Tanabe, will meet North Korean leader Kim Il-song and senior workers' (communist) party officials during their stay through Saturday.

Tanabe told newsmen before their departure that the delegation will make efforts to help remove mutual distrust between North and South Korea and will try to tighten links between his party and the workers' party.

Tanabe also said he would study North Korea's relationship with the two communist giants and Pyongyang's economic policies.

Japan has close diplomatic ties with South Korea but none with the communist North except through non-government level channels.

CSO: 4100/501

POLITICAL AND SOCIOLOGICAL

COSTA RICAN PRESIDENT TO VISIT JAPAN 23-28 MAY

OW160919 Tokyo KYODO in English 0801 GMT 16 May 85

[Text] Tokyo, May 16, KYODO--Luis Alberto Monge, president of Costa Rica, will visit Japan as a government guest to Tsukuba Expo 85 from May 23 to 28, Foreign Ministry officials said Thursday.

During his stay in Japan, Monge plans to meet the emperor and Crown Prince Akihito after attending the Costa Rica National Day ceremony at the science and technological exposition on May 24, the officials said.

Monge will also have talks on Japan-Costa Rica economic and technological cooperation with Prime Minister Yasuhiro Nakasone and Foreign Minister Shintaro Abe.

They will also discuss Central America, especially Nicaragua, according to the officials. Monge will explain the Costa Rican view on the U.S. embargo of Nicaragua.

Actions to solve disputes in Central America such as the recent activities of the Contadora group, an international cooperative body formed by Colombia, Mexico, Panama and Venezuela, will be discussed in the meetings, the officials said.

CSO: 4100/501

JSP'S TANABE TO VISIT DPRK, MAY MEET KIM CHONG-IL

OW111051 Tokyo KYODO in English 1043 GMT 11 May 85

[Text] Tokyo, May 11, KYODO--Makoto Tanabe, secretary general of the Japan Socialist Party (JSP), will visit North Korea May 20-25 in what party officials describe as "opposition diplomacy."

The JSP, Japan's largest opposition party, has been a main supporter in this country of North Korea, with which the Tokyo government has no diplomatic relations.

In Pyongyang, Tanabe is to meet President Kim Il-song for talks likely to focus on the political situation on the Korean peninsula and expansion of non-official contracts between Japan and North Korea.

Tanabe also has high hopes of holding talks with Kim Chong-il, the heir apparent to his father, Kim Il-song, as president, according to party sources.

It would be the first meeting between the younger Kim and a delegation from a non-communist country.

Kim Ki-nam, a senior official of the Korean Workers Party, has previously said that the JSP is the only party in a capitalist country which "understands and publicizes our position."

Tanabe, who is to lead a high-powered delegation, is making the trip at the invitation of the North Korean ruling party.

JSP Chairman Masashi Ishibashi also visited Pyongyang last November.

In talks with North Korean leaders, Tanabe reportedly hopes to discuss, among other things, ways of easing tensions on the Korean peninsula.

The JSP attaches particular importance to Tanabe's visit as it comes at a time when North and South Korea are set to enter a new round of dialogue for reconciliation.

Seoul and Pyongyang will resume economic talks on May 17 and Red Cross talks on May 28--meetings suspended for several months following a North Korean protest over a U.S.-South Korean joint military exercise.

In view of the timing of Tanabe's trip, JSP sources said, North Korean leaders may use the occasion to explain their true intentions to the outside world on the efforts for relaxation of tension.

On bilateral matters, Tanabe is expected to present a set of concrete proposals to expand Japan-North Korea ties, including reciprocal establishment of trade offices in Tokyo and Pyongyang as well as for an exchange of visits by parliamentary delegations.

Last January, the Japanese government lifted sanctions including restrictions on visits to Japan by North Korean officials. Tokyo imposed the sanctions on North Korea following a 1983 bomb attack on South Korean cabinet ministers in Rangoon.

North Korea's military agents were linked to the incident, although Pyongyang has denied it.

CSO: 4100/501

POLITICAL AND SOCIOLOGICAL

FUJIO MEETS MAHATHIR, ARRIVES IN BANGKOK

OW091019 Tokyo KYODO in English 1012 GMT 9 May 85

[Text] Bangkok, May 9, KYODO--Masayuki Fujio, special envoy of Japanese Prime Minister Yasuhiro Nakasone, arrived here Thursday on the third leg of his four-nation Southeast Asian tour.

Fujio, chairman of the Policy Affairs Research Council of the ruling Liberal-Democratic Party, is scheduled to hold talks with Thai Prime Minister Prem Tinsulanon and Deputy Prime Minister Phichai Rattakun Friday afternoon.

Malaysian Prime Minister Mahathir Mohamad told Fujio in a meeting in Kuala Lumpur Thursday morning that his country wanted Japan to reduce tariffs on palm oil.

Fujio met with Mahathir for about one hour and 30 minutes at the prime minister's office before leaving for Bangkok.

Mahathir appreciated close relations the two nations maintain in trade but he expressed the hope Japan will open its markets for Malaysia's manufactured products.

The prime minister also asked for Japanese capital investment in the manufacturing sector.

CSO: 4100/501

POLITICAL AND SOCIOLOGICAL

OECD FORUM TO STUDY JAPAN'S URBAN POLICIES

OW130145 Tokyo KYODO in English 0058 GMT 13 May 85

[Text] Tokyo, May 13, KYODO---Officials of both the Japanese government and the Organization for Economic Cooperation and Development began two days of discussions here Monday on Japanese cities.

The discussion marks the start of the OECD's study of the urban policies of its member countries. A recommendation will be filed with the governments of the countries after the study.

The conference is being attended by delegates from 11 OECD member countries and officials from the Japanese construction, finance, home affairs, foreign and other ministries.

Japanese Construction Minister Yoshiaki Kibe said at the opening session that different countries had the common purpose of making their cities the ideal place for growth of children, education and employment for young people, activity and relaxation for the middle-aged and good care for the aged.

Toru Makino, head of the Construction Ministry's city bureau, said Japanese cities will face increasing problems stemming from aging population and tight financial conditions in the next 15 years.

Japan has to make a last-ditch effort to increase public investment and social capital, he said.

He added that Japanese cities need private capital and greater participation of private business firms in urban development projects.

CSO: 4100/501

POLITICAL AND SOCIOLOGICAL

WORLD MAYORS MEETING TO FOCUS ON CITY MANAGEMENT

OW181411 Tokyo KYODO in English 1048 GMT 18 May 85

[Article by Irene M. Kuni]

[Text] Tokyo, May 18, KYODO---Tokyo Governor Shunichi Suzuki, who faces a 400 million yen bill for staging the world's first conference of city mayors, opening Monday, is already offering to host a second conference in several years to begin a tradition of new summits.

"If the Tokyo meeting goes well, I would like to see regular major city summits held every three to four years, like the Olympics," he pointed out on the eve of the Tokyo conference.

He added, "However, since it is an expensive undertaking, I think that Tokyo would be able to host the next one in several years if the other city participants are interested but unable to shoulder the costs."

The summit conference of major cities of the world, to be held at Tokyo's Hotel New Otani for a period of three days from Monday and followed by three days of study tours, will see the participation of 15 mayors and four city deputies from as many nations outside Japan.

Taking part in the event will be Paris Mayor Jacques R. Chirac, West Berlin Mayor Eberhard Diepgen, Jean Drapeau, mayor of Montreal, and Beijing Mayor Chen Xitong, as well as their counterparts from such cities as Moscow, Istanbul, Seoul, Mexico City, and Delhi.

Suzuki sees the conference as a platform whereby mayors will present their philosophies and policies for city management.

He pointed out that while such specifics as housing, population, environment and city planning problems will arise in the course of summit discussions, "fundamentally, I want the city heads to talk about their philosophy in running a city and then, based on this, what management policies they incorporate."

According to Suzuki, "the work of city mayors is not confined only to specialized areas but, rather, is wide-ranging. Management and policies will differ depending on the mayor or city head."

Up until now, Suzuki pointed out, mayoral conferences have been limited to regions, such as that of the city mayors of Japan and the United States, or those of the French-speaking world.

In selecting the city participants, Tokyo summit planners chose several representative urban centers from the six regions of North, Central and South America; Asia; Eurasia; Africa; Europe, and Australia, and placed a limit of one city per country.

For example, Suzuki pointed out that the Brazilian city of Sao Paulo, the largest South American city and one of the world's most densely populated, was a natural choice.

Governor Suzuki, whose organizational experience dates back to the 1970 Osaka Expo when he served as its commissioner general, also sees the city summit as an opportunity "to create sister-city-like ties between those participating."

The summit is scheduled to begin Monday morning with speeches by the Tokyo governor and Jean Louis Ripert, director general of the United Nations (Secretariat) Office for Development and International Economic Cooperation.

Japanese government representatives attending the opening are expected to include Foreign Minister Shintaro Abe and Home Affairs Minister Toru Furuya.

Video presentations and satellite transmission direct from participant cities will be featured in individual city reports to the conference.

The conference will close Wednesday with the presentation of honorary Tokyo citizenships to all participants. Following study tours to the Tsukuba Expo or the Tokyo urban area on Thursday, the summit event will close with a two-day trip to the Kyoto area, all provided by the host, the Tokyo metropolitan government.

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JPRS-JAR-85-015
18 June 1985

POLITICAL AND SOCIOLOGICAL

JAPAN, ROK TO DISCUSS FINGERPRINTING SYSTEM

OW130935 Tokyo KYODO in English 0849 GMT 13 May 85

[Text] Tokyo, May 13, KYODO--Senior Foreign Ministry officials of Japan and South Korea will meet next week in Tokyo to discuss the improvement of the legal status of Koreans in Japan, particularly involving Japan's controversial fingerprinting system.

Foreign Ministry officials said Monday the May 23-24 meeting between Toshio Goto, director general of the Asian Affairs Bureau, and his South Korean counterpart Kim Chae-chun is to be held at the strong request from Seoul.

The fingerprinting system has been criticized by foreign residents in Japan, especially Koreans, as discriminating and insulting.

Under the alien registration law, foreign nationals living in Japan are required to be fingerprinted when they apply for alien registration certificates and renew the cards.

The controversy was refueled recently in the wake of the arrest of a South Korean man in Kawasaki who had refused to be fingerprinted. Threatening phone calls were reportedly made at the weekend to the Japanese Embassy in Seoul and the consulate general in Pusan in protest against the system.

Following a wave of protests from foreign residents, the Japanese government has been studying a possible amendment to the law.

According to the Japanese officials, as the Japanese side is not yet ready to show its concrete proposals to the Koreans, next week's meeting will become an occasion to hear South Korea's views on the matter.

The Ministry plans to work out specific proposals by late August when a regular meeting of Japanese and South Korean cabinet ministers is scheduled to be held, they added.

CSO: 4100/501

KOREAN RESIDENTS CONDEMN FINGERPRINT LAW CHANGE

OW140557 Tokyo KYODO in English 0545 GMT 14 May 85

[Text] Tokyo, May 14, KYODO--The government decided Tuesday to "simplify" the controversial fingerprinting system for foreign residents in Japan from July 1 in an attempt to reduce protests.

The government decided at a cabinet meeting to revise its cabinet order concerning fingerprints in the alien registration law.

The revision will require foreign residents to have prints of their left index fingers taken with colorless medical fluid instead of black ink, and without rotating the finger in a 180-degree arc as they have hitherto been doing in the same manner as criminal suspects.

Nevertheless, the same day the government instructed prefectural governors across the country to come down hard on those who refuse to be fingerprinted to confirm their identities.

The instructions, issued under the name of the Justice Ministry's immigration bureau chief, said local authorities should take legal action against those who refuse to be fingerprinted, after endeavoring to persuade them to comply with the system for three months by summoning them once a month.

It also said the local authorities should not issue alien registration certificates to those who refuse to be fingerprinted.

It asked the local authorities to take immediate legal action against those who have been refusing to be fingerprinted for more than one year and have not yet been charged.

As of Monday, there were 233 foreign residents in Japan refusing to be fingerprinted including 13 not yet charged after refusing for more than one year.

In line with the Justice Ministry's measures, the metropolitan police department will also take a less harsh line on foreign residents who do not have their alien registration certificates with them when they are outdoors but near their homes.

The decision anticipates the mass renewal of alien registration certificates by 370,000 of Japan's foreign residents in and after July.

Korean residents' organizations in Japan denounced the measures and called for abolition of the fingerprinting system.

Foreign Minister Shintaro Abe said the government would continue efforts to improve the fingerprinting system in accordance with its promise to South Korea to do so.

Abe also said the government would brief South Korea on the "improvement" in the operation of the system to seek its understanding.

Justice Minister Hitoshi Shimasaki told a Diet committee session that he had no intention of revising the alien registration law itself.

South Korea expressed dissatisfaction with the measures which it said fell far short of the provisions concerning improvements in the legal position of Korean residents in Japan announced in the Japan-South Korea joint statement when President Chon Tu-hwan visited Japan last September.

South Korea also asked Japan to make more efforts to improve the fingerprinting system and said the country would repeat the demand at Japan-South Korea working-level talks on the matter to be held in Tokyo next week.

An international human rights campaign organization in South Korea also reacted against the measures and said it would continue its campaign to collect signatures from one million people to demand abolition of the fingerprinting system.

CSO: 4100/501

KOREAN RESIDENTS PROTEST FINGERPRINTING REVISION

OW150647 Tokyo KYODO in English 0630 GMT 15 May 85

[Text] Tokyo, May 15, KYODO--Korean residents of Japan Wednesday reacted sharply to a Japanese government decision to partially revise the alien registration law, and called for total abolition of its provision requiring foreigners living in Japan to be fingerprinted.

While an estimated 8,000 members of pro-Pyongyang Korean group from many parts of Japan got together at Tokyo's Hibiya Park in a protest rally, a South Korean student living in Kawasaki, west of Tokyo, cut his finger and used the blood for fingerprinting on his alien registration certificate as a symbolic gesture against the Japanese law.

At the Tokyo rally, Paek Chong-won, deputy chief of the General Association of Korean Residents in Japan (Chongryun), rejected the fingerprinting provision as a violation of the human rights of foreigners living in Japan.

He described as "deceiving" the Japanese Justice Ministry's new fingerprinting provision.

"Let us win a total revision of the alien registration law itself," Paek added.

The Koreans later held a street demonstration around the Diet (parliament) buildings in downtown Tokyo.

In the meantime, a 21-year-old South Korean student at Tokyo's Waseda University visited the Kawasaki city office, cut his index finger and placed it for fingerprinting on his new alien registration card.

With blood dripping from the finger, Kim Kang-chi said: "The government decision (on partial revision of the law) yesterday represented nothing new."

"It only made me angry," he added.

Under the new regulation taking effect July 1, colorless ink will be used for fingerprinting--a measure which, Justice Ministry officials claim, foreigners will find less offensive. At present, black ink is used.

The government move comes at a time when Koreans as well as many other foreigners living in Japan are raising their voices against the fingerprinting provision.

More than 200 alien residents have so far refused to be fingerprinted with more than a dozen of them subjected to police inquiries.

Last week, Kawasaki police arrested a 28-year-old South Korean who had rejected repeated warnings that he should allow himself to be fingerprinted.

The police action fanned the protest movement and produced sharp criticism even from the South Korean Government.

Commenting on the Justice Ministry's proposal, South Korean authorities in Seoul reportedly said it fell "far short" of the Japanese government pledge made during President Chon Tu-hwan's historic visit to Tokyo last year.

In the joint communique issued at the end of Chon's trip, the Japanese government promised "continued efforts" to improve the status of Korean residents in Japan--a reference interpreted by Koreans as indicating Japanese readiness to take action on the fingerprinting regulation.

CSO: 4100/501

LOWER HOUSE PASSES EQUAL OPPORTUNITY BILL

OW170715 Tokyo KYODO in English 0644 GMT 17 May 85

[Text] Tokyo, May 17, KYODO--Japan's new equal opportunity legislation, which aims to give equal status to women workers, completed its passage through the Diet Friday when it was approved by the House of Representatives.

Completion of Diet work on the bill will enable the government to ratify the United Nations convention banning sexual discrimination in time for the conference in July on the international women's decade.

The conference is to be held in the Kenyan capital of Nairobi.

The bill has been under consideration since 1978, and though it will finally become law in April next year, it is still subject to widespread criticism.

The controversy stems mainly from the fact that while guaranteeing women equal rights with men in work places, the bill also reduces protective provisions for women workers.

In particular it ends the restrictions on late-night and overtime work for women.

Opposition parties have also criticized the legislation for failing to provide penalties for violations and leaving the actual decision of whether to enforce the law to the individual employer.

Women's groups which campaigned for the new law are disappointed at the reduction of protection for women workers.

Michiko Nakajima, a lawyer who has been involved in the campaign, said, "The new law could drive women who are unable to work at night or for long hours into part-time jobs."

The personnel manager of a large hi-fi equipment maker said, "Employment is a matter of an individual's ability including, for instance, whether he or she can go to work in a place where public order is not stable. Even if we give employment opportunities to both men and women, but then employ only men, it doesn't mean we are guilty of discrimination."

Another manager at a computer service company voiced concern over how long women employees stay at a job.

"We give them equal training with men, but I worry about women's awareness as professionals," he said, referring to the fact that many women workers in his company quit their job within three years.

Yoshiko Akamatsu, director of the women's and young workers' bureau at the Labor Ministry, said "It was hard to put the bill through but I think it is now a historical piece of legislation."

Akamatsu plans to initiate a public campaign from July to promote people's understanding and awareness of the new law.

Under the new law, women workers will be provided with equal opportunities in employment, job training, welfare, promotion, retirement and other matters.

But women will not be exempt from overtime or late-night work duties.

Committees to arbitrate in disagreements between employers and workers will be established in each prefectural government, according to Akamatsu.

CSO: 4100/501

POLITICAL AND SOCIOLOGICAL

JAPAN TEAM IN HARBIN SEEKS 'WAR ORPHANS'

OW191001 Tokyo KYODO in English 1051 GMT 19 May 85

[Text] Harbin, China, May 19, KYODO--The first ever Japanese survey team to seek "war orphans" in China arrived in the northeastern Chinese city of Harbin Sunday.

The nine-member team, headed by Health and Welfare Ministry official Tetsuji Mizumoto, will be in Harbin for five days before proceeding to Changchu and Shengyang in its mission to gather information on a total of 180 people claiming to be Japanese, and conduct videotaped interviews with them. In Harbin, 76 war-displaced Japanese will be interviewed.

The information and videotapes will later be used to expedite identification of blood relatives assumed to be resident in Japan.

The majority of those to be interviewed in China are expected to be invited to Japan as part of a kin-finding program for fiscal 1986.

The program to locate war-displaced Japanese in China got under way in 1981, and hundreds of them have visited Japan in search of kin.

While the exact number of war-displaced Japanese living in China is unknown, Chinese government figures have placed it at some 2,000.

The Japanese government-sponsored survey team now in Harbin is the first mission of its kind.

CSO: 4100/501

POLITICAL AND SOCIOLOGICAL

PROPOSED DANFORTH VISIT 'SURPRISES' JAPAN ENVOY

OW170257 Tokyo KYODO in English 0253 GMT 17 May 85

[Text] Washington, May 16, KYODO--U.S. Senator John Danforth, a leading hard-liner in moves against Japan arising from trade friction with the United States, surprised Japanese Ambassador to Washington Nobuo Matsunaga Thursday by telling him he would like to visit Japan this year.

Danforth, chairman of the Senate Subcommittee on International Trade, told Matsunaga he wants to make the trip in order to deepen his understanding of Japan.

Japanese officials hope Danforth may help calm calls in the U.S. Congress for retaliation against Japan.

Danforth's aides said no date has yet been fixed for his visit to Japan.

In the 20-minute meeting at Danforth's office, Matsunaga briefed the senator on Japan's market-opening efforts and called for efforts by both sides to solve the trade friction, which stems from Japan's huge trade surplus with the United States.

While appreciating Prime Minister Yasuhiro Nakasone's efforts, Danforth said Japan-U.S. relations are now favorable except on the trade problem.

Danforth, who visited Japan in 1982, then expressed his wish to visit Japan again, to the Japanese side's surprise.

However, the meeting failed to refer to a bill presented by Danforth to the Congress which provides for retaliatory measure against Japan.

CSO: 4100/501

POLITICAL AND SOCIOLOGICAL

BRIEFS

KITAKYUSHU-DALIAN FRIENDSHIP PACT--Kitakyushu, Fukuoka, Pref., 8 May, KYODO--Kitakyushu, a northern Kyushu port city, Wednesday made a friendship agreement with the northeastern Chinese city of Dalian, China's largest foreign trade port. Documents to this effect were signed here by Takashi Hashikawa, head of the Kitakyushu Port and Harbor bureau, and Liu Zhaoxiang, director of the Dalian Harbor Administration Bureau. Liu leads a nine-member mission from the Chinese port city which arrived in Japan Tuesday on a 12-day visit. This is the second friendship pact with a foreign port for Kitakyushu, following a similar agreement with Tacoma, a western port city in Washington state, last July. Kitakyushu already has a sister-city agreement for promoting economic and cultural exchange with Dalian, which annually handles China's export goods worth more than 4 billion yen and more than 2,000 foreign ship calls a year. Cargoes traded between the two ports last year totaled 236,000 tons. Officials said that plans for the future include the opening of a container-ship route between the two ports, noting that Dalian is the gateway to three Chinese northeastern provinces--Liaoning, Jilin and Heilongjiang. [Text] [Tokyo KYODO in English 0435 GMT 8 May 85 OW]

YUGOSLAV VP MEETS ABE--Tokyo, 9 May, KYODO--Visiting Yugoslav Vice President Mijat Sukovic urged Japan Thursday to expand trade and scientific technology cooperation with his country, Japanese Foreign Ministry officials said. Sukovic who arrived here Tuesday as an official guest of Tsukuba Expo '85, made his request in a meeting with Japanese Foreign Minister Shintaro Abe. Sukovic pointed out that the volume of trade between Japan and Yugoslavia had drooped to 87 million dollars in 1984 from 175 million dollars in 1974, officials said. Abe agreed to the need to expand bilateral economic activities, according to the officials. Sukovic will be in Japan until Monday. [Text] [Tokyo KYODO in English 0805 GMT 9 May 85]

VISITORS DESCRIBE TANAKA'S CONDITION--Tokyo, 9 May, KYODO--Two of about 10 visitors from Niigata Prefecture Thursday met former Prime Minister Kakuei Tanaka, who was hospitalized after suffering a stroke late February, at his residence in Tokyo. The two men from Tanaka's constituency in the prefecture told reporters Tanaka was seated on a bed in a room of his residence in Tokyo's Mejirodai and that he looked pale and out of spirits. They also said not only his right hand but also his left hand seemed to be impaired and that he could not speak when they met him. Their report was the first in recent days to give concrete details of Tanaka's condition. [Text] [Tokyo KYODO in English 0715 GMT 9 May 85]

NAKASONE ON 7-NATION SUMMIT--Tokyo, 10 May, KYODO--Prime Minister Yasuhiro Nakasone said Friday he will discuss French President Francois Mitterrand's criticism of the seven-nation annual summit "thoroughly" when the two meet in Paris in July. Nakasone told reporters that he expects the French president to come to Tokyo in 1986 to attend the next summit of leaders of the seven richest countries in the Western bloc. Mitterrand, who expressed disagreement with other world leaders on key issues during the latest summit in Bonn, reportedly criticized the summit as having become closed and bureaucratic. [Text] [Tokyo KYODO in English 0215 GMT 10 May 85]

SUMMIT POLICY REASSESSED--Tokyo, 10 May, KYODO--Foreign Minister Shintaro Abe also suggested Friday Japan is ready to reassess what a summit meeting should be in its preparation for the Tokyo summit next year. Referring in a Lower House Committee meeting to Mitterrand's reported criticism, Abe said he thinks that what needs correcting should be corrected and the summit must be a site for lively discussions. Abe said he does not think that the French president was saying he will not attend the next summit in Tokyo. Abe stressed the importance of good preparatory consultations with the summit participating countries on agenda items and methods of steering so as to make the Tokyo summit a fruitful meeting. [Text] [Tokyo KYODO in English 1026 GMT 10 May 85]

MARKET-OPENING TALKS--Tokyo, 10 May, KYODO--The government and the ruling Liberal-Democratic Party will meet on May 17 to discuss the progress made in drafting a three-year "action program" to open the Japanese market wider to foreign products and services, government officials said Friday. At the meeting headed by Prime Minister Yasuhiro Nakasone, government and LDP leaders will be briefed about the seven-nation economic summit held in Bonn last week and the current Asian tour by Masayuki Fujio, Nakasone's special envoy and chairman of the LDP policy board, the officials said. [Text] [Tokyo KYODO in English 1259 GMT 10 May 85]

KANEMARU ASKED TO VISIT PRC--Tokyo, 17 May, KYODO--Chief Cabinet Secretary Takao Fujinami Friday asked Shin Kanemaru, secretary general of the ruling Liberal-Democratic Party, to visit China as a special envoy of Prime Minister Yasuhiro Nakasone. Kanemaru failed to give an immediate answer to the request, which was first made by Nakasone in late April. Fujinami repeated the request because Kanemaru has been delaying his answer, apparently due to his connections with Taiwan. [Text] [Tokyo KYODO in English 0610 GMT 17 May 85]

CSO: 4100/501

MILITARY

BRIEFS

U.S. NUCLEAR-POWERED SUB--Tokyo, 19 May (KYODO)--The U.S. Navy's 3,640-ton nuclear-powered submarine Tunny will arrive at the naval base of Yokosuka Monday afternoon, the Foreign Ministry said Sunday. The sturgeon-class submarine will stay for an unspecified period to rest its crew of 120 and replenish supplies, the ministry quoted the U.S. Embassy here as saying. [Text] [Tokyo KYODO in English 0852 GMT 19 May 85]

NUCLEAR SUBMARINE IN YOKOSUKA--Yokosuka, 20 May (KYODO)--The U.S. nuclear-powered submarine Tunny of the sturgeon class rigged for the nuclear cruise missile Tomahawk arrived at the naval base here Monday. Sturgeon class submarines are expected to be equipped with the cruise missiles by 1992. Another vessel of the same class, Hawkbill, is also currently making a portcall here. How long the two submarines will remain at the base has not been disclosed. [Text] [Tokyo KYODO in English 0949 GMT 20 May 85]

CSO: 4100/499

ECONOMIC

WHALE IMPORTS FROM USSR MAY INCUR U.S. PENALTY

OW080823 Tokyo KYODO in English 0803 GMT 8 May 85

[Text] Tokyo, 8 May (KYODO)--A Soviet Antarctic whaling fleet caught Minke whales largely in excess of its annual quota set by the International Whaling Commission (IWC) for the 1984/85 whaling season, according to information received by the Japan Whaling Association Wednesday.

The association, quoting a report dated 2 May by the Norway-based international whaling statistics, said the Soviet whaling fleet "Sovetskaya Ukraina" caught 3,027 Minke whales in the just-ended whaling season, exceeding IWC's 1,941-whale quota for the Soviet Union.

The Soviet Union, a major whaling nation like Japan, previously announced a plan to catch the same number of Minke whales in the latest season as in the previous one after filing a petition with the IWC against its recent decision to ban all commercial whaling from Autumn of 1985 and cut its quotas for all whaling nations.

In filing the petition, the Soviet Union had denounced the IWC action as "scientifically groundless." Japan had also filed a similar petition.

But Japan observed the IWC quota of 1,941 Minke whales for fear that the United States might resort to its Packwood-Magnusson Act which authorizes Washington to cut fishing quotas within its 200 nautical-mile economic zone for any whaling nation violating the IWC decision.

Under the act, the U.S. can impose the same penalty on any country importing whale meat from a violating nation.

The Russians export some of their Minke whales to Japan, association officials said.

CSO: 4100/463

ECONOMIC:

U.S. BUSINESSMEN DISCUSS TRADE FRICTION

OW231325 Tokyo KYODO in English 1245 GMT 23 May 85

[Text] Kobe, 23 May (KYODO)--Leading businessmen from Japan and California, the United States, agreed Thursday that the overvalued dollar in relation to the yen is the biggest cause of the current trade friction between the two countries.

The occasion was the first-day session here of the 21st general convention of the Japan-California Association (JCA). The JCA, devoted to promoting mutual understanding and economic exchange between Japan and California, has held annual meetings alternately in Japan and the U.S. since 1965.

Present at the three-day meeting were 45 representatives from both sides, including Akio Morita, chairman of Sony Corp., and William F. Miller, chief director of SRI International, who serves as chairman.

Main topics were Japan-U.S. relations, including trade friction, international tax problems, such as the U.S. unitary tax, and a government role in the research and development of biotechnology and other high technologies.

On the first day, Yoshio Okawara, former Japanese ambassador to the U.S., and David A. Bossen, president of Measurex Corp., delivered keynote speeches on trade friction.

Okawara said the friction cannot be resolved unless the U.S. erases its budget deficit and lowers interest rates, although it behooves both countries to forestall protectionism.

Bossen warned that a slowdown in the U.S. economy could whet up protectionism in that country.

Specifically, he called for a 50 billion dollar cut in the U.S. budget deficit and reduction in the dollar's value to make American exports competitive.

He also called upon Japan to start concrete action to eliminate what he termed an "unfair" state.

The participants will divide into groups to discuss specific problems on the second day.

Among them are Kazuo Inamori, president of Kyocera Corp, Jiro Ushio, chairman of Ushio Inc., and Samuel Armacost, president of the Bank of America.

2.

CSO: 4100/503

ECONOMIC

POWER OF SECRETARIAT OF KEIDANREN DISCUSSED

Tokyo SENTAKU in Japanese Jan 85 pp 114-117

[Text] The government bureaucracy of Kasumigaseki has gradually lost the great power that it formerly had, and at the same time, certain powerful elites, which should probably be called "bureaucracies in the private sector," have achieved power and influence. Of these, the Secretariat of the Federation of Economic Organizations (Keidanren), has especially gained a lot of attention. The Keidanren has come to be known as the headquarters of the financial world in Japan, and officials of the Secretariat have come to be called "bureaucrats of the private sector." The Secretariat is a group of only 170 persons, but it is said that neither the government nor its bureaucracy can ignore their wishes.

Although Keidanren President Yoshihiro Inayama and 10 vice presidents are in the spotlight, it is thought that actually "a handful of Secretariat officers are really in control of the Keidanren." Is that really the case? This article will examine the almost unknown Keidanren Secretariat, or the "Otemachi Bureaucracy" which represent the combined interests of Japanese capitalism.

Recently, the economic world has been pushed around by the Ministry of Finance. It has lost five times, with one tie. It started in 1979 with the lowering of the percentage of the reserve for bad debts to be counted in profit and loss, and until 1984, when the corporate tax rate was increased, corporate taxes were successively increased every year 500 or 600 billion yen.

However, when it came to the revision of the tax system in 1985, the situation changed completely. The financial world as a whole succeeded in organizing an opposition movement against increased taxes, which could be called a last stand, and was able to crush proposals for increased corporate taxes, such as a commodity tax for office automation equipment and a decrease in the percentage of the reserve for retirement allowances to be counted in profit and loss. The solution was actually close to a tie, but the officials of the Tax Bureau of the Ministry of Finance showed signs of defeat, saying, "We were beaten by the Keidanren."

The revision of the tax system of 1984, in spite of vigorous opposition, was forced through by the Liberal Democratic Party and the Ministry of Finance, and criticism was all the more focused on the Keidanren - "What did the Keidanren do, anyway?" - and the tables were turned. It's not certain what happened, but

President Inayama of the Keidanren said, "We consider tax increases to have been kept down to a minimum." That is actually a declaration of victory.

However, looking more carefully at the battle, the presence of the Keidanren Secretariat is suddenly brought to light. Who revitalized the fainthearted President Inayama, whose attitude is described by the saying, "You might as well contend against the authorities as reason with a crying child," and who made arrangements with Sukeo Iwata, Tax System Committee Chairman, and rallied the power of all of the groups in the business world who were concerned? It was none other than Keidanren Secretary-General Jinhachiro Hanamura (concurrently vice president), Managing Director Keiji Koyama (former Chief of the Finance Section), and also young officers like Yoshimasa Kubouchi, deputy chief of the Finance Section.

The "corporate tax debate" was started long ago and carried on falteringly with the Ministry of Finance, with the claim that international comparisons of the corporate tax burden "should not be measured with the traditional effective tax rate, but with a new measure, the rate of actual tax burden." At the same time, careful behind-the-scenes maneuvering was done with the Tax Bureau and the so-called "Second Ministry of Finance," the Liberal Democratic Party Tax System Research Commission (Chairman: Uri Kato). Tax experts were cultivated in the Keidanren Secretariat, and the Young officers in the Secretariat developed their own political power.

The Secretariat cultivated not only tax experts. The Secretariat's range covered the broad and multifaceted fields of industrial policy, finance, information, communications, and others. Moreover, they developed power such that they could cross swords with the elite bureaucrats of all government ministries and agencies. Experts were developed in each section, and it came about that their wishes could not be overlooked, in spite of the government bureaucrats of Kasumigaseki.

There are some who say, "The Keidanren Secretariat is now a second MITI, or a third Ministry of Finance." Whether it is true or not, some Ministry of Finance officials say, "Even if you go right to the top and speak to the president or the vice president, it is fruitless. If you don't do the right behind-the-scenes maneuvering with the Secretariat officials, you can't get anywhere. Who is really running the Keidanren? We view the Keidanren with such a frame of mind."

The Ministry of Finance, which is next planning to introduce large-scale indirect taxes, now has the Keidanren Secretariate in its sights.

As nationwide general economic organizations, there are the Keidanren, the Japan Federation of Employers' Associations (Nikkeiren), the Japanese Chamber of Commerce and Industry (Nissho), and the Japanese Committee for Economic Development (Doyukai), which are called the "four organizations of the economic community." However, with the exception of the Keidanren, the secretariats of the other three groups do not have enough power to think of themselves as bureaucracies, and are not very important. In April of 1984, when Noboru Goto succeeded Shigeo Yuenagano as head of the Japan Chamber of Commerce and Industry, he was shocked by the poor quality of its secretariat, and the first thing he said was, "Learn from the Keidanren Secretariat."

Now we will explore the actual situation of the Keidanren Secretariat. The Secretariat has a total membership of 170, of whom 100 are men. Appointment is limited to graduates of Tokyo University, Hitotsubashi University, Waseda University, and Keio University only. Three or four persons are appointed every year, and most of them by recommendation of their universities. Even so, 20 students from Tokyo University's law school alone came for interviews in 1984, and it is said that the elite mentality of the employees has increased all the more.

The Keidanren is an incorporated body which was founded in 1946, and has a nationwide scale today. It has 110 groups divided according to types of industry and is composed of 842 representative Japanese companies. The initiation fee is fixed at the equivalent of annual dues for 6 years. The annual dues differ depending on the company's profit and earning capacity. There are 30 different levels of dues, depending on the company; the lowest is the 100 thousand yen class, and the highest is the Toyota Motor Co and Nippon Steel Co class, which is 20 million yen.

With corporate membership fees included, total income in 1984 was about 1.9 billion yen, which goes toward the working expenses of the Secretariat, and of that, 60 percent is for personnel expenses. In other words, the operating expenses can't exceed 500 or 600 million yen, and any shortage in funds for necessary expenses is divided up among the member companies (incidentally, an affiliate of the Keidanren the Economic Information Center, collects an annual sum of about 1.5 billion yen from 89 corporations and 42 banking associations).

Also, the salaries of Keidanren employees is not bad, and the Keidanren and the Economic Information Center are said to be "like a powerful city bank." It seems that the special treatment that the employees receive with regard to compensation gratifies their elite mentality.

It was Secretary-General (concurrently vice president) Jinhachiro Hanamura who built up the Secretariat over many years and molded it into what it is today. He was born in 1908 and is 76 years old. He graduated from the Tokyo University Economics Department in 1932, and, since his employment in the "Association of Vital Industries," the predecessor of the Keidanren, he has been an organization man. Although he has been a devoted organization man, rising to the vice-presidency of the Keidanren, he has also risen to such heights as serving concurrently as president of Japan Air Lines.

The source of Jinhachiro Hanamura's underlying power in financial circles is, of course, his superb "ability to collect money." During the period of high growth, sums of money as large as 10 or 20 billion yen were moving freely all over, supporting the Liberal Democratic Party Government, but finally the "National Association" (Kokumin Kyokai) became the window for political contributions, and the Keidanren lost its direct connections with the political world. However, Hanamura's influence remains unchanged. Each year, about 8 billion yen in contributions is distributed according to the "Hanamura formula," because its use is up to Hanamura's discretion.

That's not all. Every year, donations amounting to more than 10 billion yen are collected for the financial world, the distribution of which is Hanamura's

privilege. A veteran reporter who has covered Keidanren negotiations says, "Every year, probably somewhere between 35 and 45 billion yen in political contributions and donations pass through Hanamura's office."

However, the secret to Hanamura's power as the "prime minister of the financial world" is not only his ability to collect money. He also strengthened the Secretariat, which had once been as weak as the other three economic groups, building it up so that it could stand up to the Finance Ministry bureaucracy and the MITI bureaucracy. From way back, he gathered people in graduate schools who had the ability to write theses and trained these young people thoroughly. And, in May of 1984, he swept away the old guard and put in young, talented people.

First, he appointed Masaya Miyoshi (born in 1928, graduate of Waseda University) as Representative Director; Keiji Koyama (born in 1933, graduate of Keio University) was given financial and secretarial responsibilities; Natsuaki Fusano (born in 1933, graduate of Hitotsubashi University) was given responsibility for direction of general affairs; and Kozo Uchida (born in 1935, graduate of Tokyo University) was put in charge of industrial policy. These three men were placed as managing directors. With the exception of the talented Miyoshi, these three managing directors are said to be tough strategists. According to a Keidanren reporter, "The documents they write are exactly like the ones that the Finance Ministry and MITI bureaucrats write. Their sharpness, seriousness, as well as balance and attention to detail cannot be outdone by the bureaucrats."

In the crushing of the tax increase for 1985, introduced at the beginning of this article, the fact that the activities of these three talented men became known is obvious. One Keidanren vice president assessed them with half-wariness, "Officers of big companies are no match for those three. Especially Koyama and Fusano are on the same level as company vice presidents, or maybe even better..."

Of course, the present Secretariat power was not built in one day. It has its own history.

For example, Jinhachiro Hanamura was in the thick of the fight against the "criticism of big business" that raged at the end of the Tanaka Cabinet, and he inspired the Secretariat: "If the Keidanren does not stand firm, the criticism of big business will never end. By standing firm, Japan's capitalism will be preserved." In this spirit, he opposed the groups critical of business and the consumer groups. The groups critical of business did not pay attention to the other economic organizations, but focused entirely on the Keidanren. Both right wing and left wing groups bore down on the Keidanren, and a clamorous battle raged on for days.

Hanamura, in confronting the criticism, selected several of the top people from the Secretariat members whom he had cultivated, and brought them to the front lines of the battle as well. Each developed his own style of ideological weapons, and they cultivated great self-confidence. In other words, the confidence that they gained as a result of this experience will form the "back bone" of the Secretariat. "Ten years ago, we saved the Keidanren from the criticism of big business."

Also, the fact that the first goal of each successive "prime minister of the financial world" upon taking office, to "reform the Secretariat," did not succeed, was a help to their confidence.

In May 1974, the presidency of the Keidanren shifted from Kogoro Uemura (deceased) to Toshiwo Doko. The first thing Doko wanted to do when he entered the Keidanren was to reorganize the Secretariat, and he tried to appoint former MITI Vice-Minister Yoshihiko Ryokaku to the post of representative director. Since Hanamura was the representative director at that time, this meant that he would lose his job. There was great uproar and confusion within the Keidanren, the officers of the Secretariat kept themselves confined in the nearby Palace Hotel and an opposition movement unfolded. They pressed President Doko, "Do not let government officials into the stronghold of the business world." Given this dramatic action, Doko had to give in.

After that, a "cold war" between President Doko and Representative Director Hanamura ensued. However, no matter how hard Hanamura tried, and when either victory or defeat was in sight, sooner or later, a shake-up was likely. However, one year later, the situation changed, and instead of being fired, Doko promoted Hanamura to be the sole vice president.

After Doko, in May of 1980, Yoshiriro Inayama became the new president, and at first he, too, wanted to reform the Secretariat, and traces of that remain also. There was nothing quite like the time when Inayama, who supposedly doesn't like rough personal affairs, forced his friend, Hideshiro Saito, president of Nippon Steel, into the position of vice president of the Keidanren. Using the efficient Saito, he hoped to radically reform the Secretariat.

However, during the four years since that happened, no changes have taken place in the Secretariat. Why is it that even Toshiwo Doko, who was regarded as almost superhuman, was not able to make changes? Why did President Inayama and Vice President Saito give up so quickly?

Even such great figures as Doko and Inayama were, after all, only presidents of private companies before becoming president of the Keidanren. They probably did not understand the mechanism for controlling the so-called headquarters of the financial world, and they probably had not the overall view necessary to represent the combined interests of Japanese capitalism. However, once one enters the Keidanren, its mechanism becomes clear, and so it must be that one comes to understand how to use the "advocate of big-business interests." Of course, there is a "change of heart."

Figures such as Sony's Akio Morita and Toyota's Masaya Hanai, acting as consultants, are well known for their harsh criticism of the Keidanren's existence, but once they themselves take positions as chairmen of Keidanren committees, their points of view abruptly change. Hanai himself once said, "I wonder if it would be an exaggeration to say that since the Keidanren, or rather, the Keidanren Secretariat, is stable, Japanese capitalism will be preserved?"

It is, of course, natural that criticism of the powerful Secretariat would smolder. In any case, its attitude is audacious, one-sided, and offensive. The member companies are angry at the mentality and manner of conduct of the Secretariat, which imitates high-level bureaucrats:

The director of a city bank said, "Since the Secretariat unilaterally opened a conference on such-and-such a date at such-and-such a time, we arrived punctually. But then we were also told to make provision for such-and-such expenses... It's almost like we are being called in by the authorities."

The executive director of a steel company complained, "They ask our company to contribute such-and-such a proportion to project A, which was decided as a result of deliberation, and the money must be paid by such-and-such a date...it's more of an order than a request."

A vice president of the Keidanren said, "When President Inayama was speaking at a meeting, some man sitting next to him, who claims to be a secretary, told the president not to say such-and-such a thing. I thought he was such an impolite fool. Hanamura was sitting right next to him, but he didn't pay any attention, so he was getting in a word in edgewise as if he were not really speaking to the president of Keidanren. It's absolutely disgraceful."

The fact that such criticisms have not been made public is probably because of fear of the power of the Secretariat. There is the feeling that if the Secretariat is offended, there's no knowing what might happen. For example, there is the case of Hitachi Ltd. The Hitachi Group had managed to get Hitachi President Hiroyoshi Yoshiyama in as Keidanren vice president, but since Hitachi itself had its own "Monroe Doctrine," things did not go well with the Secretariat. Accordingly, when reelection time came for president and vice president in the spring of 1984, there were widespread rumors of "There is little hope for Vice President Yoshiyama's reelection."

Vice President Yoshiyama was in a panic. The Hitachi Group scraped together a number of its subsidiaries, and by some maneuvering, just barely got Yoshiyama reelected.

At the same time, the Secretariat's independence is worth noting. With the inter-linking of politics and economics, and with the increase in big projects coordinated by the Keidanren, and since the various interests of big businesses have to be somehow reconciled, there is bound to be some arm-twisting, and their reconciliation is a little rough-hewn. According to a Keidanren reporter, "If a committee chairman does not show up, a 'discussion group' turns into a business meeting. This is routine."

There seems to be no end to criticism of the Secretariat. It seems natural that one would be careful of acting like "a small man acting arrogantly through borrowed authority," and such introspection should be expected of the Secretariat. However, it is questionable just how far this goes in reality.

In reality, the debate centers around the question, "Is the Keidanren a servant of the needs of the private sector, or is it the bureaucracy of the private sector?" If you argue that the Keidanren should serve the needs of the private sector, then its functions should certainly be reduced. That is because the relationship between the president and vice president to the Secretariat resembles that of government ministers to the bureaucracy under the vice ministers.

Therefore, if the Secretariat is seen as a servant of the legitimate interests of the private sector, then the president, vice president, and all top officials

of the Secretariat will be people who could be called "business statesmen," and the Keidanren would have to be managed from the top down. Since that is not possible, the only option is to consider how to skillfully use the Secretariat as the bureaucracy of the private sector.

12923

CSO: 4105/195

ECONOMIC

CABINET LEVEL ECONOMIC STRATEGY DECISION REPORTED

Tokyo ESP in Japanese Mar 85 pp 109-110

[Text] Economic Prospect for Fiscal 1985 and the Basic Attitude in Economic Management

(Decided at the Cabinet meeting on 25 January 1985)

1. Our Nation's Economy in Fiscal 1984

During fiscal 1984 in Japan, with the background of the recovered economy on the international level, stabilized commodity prices and progress in new technological innovations, exports still kept increasing, investments in new plant and equipment smoothly increased and the domestic demand in other areas also increased moderately. Even though some fluctuations still remain in the economic performance, the economy by and large kept expanding. As for the employment situation, although the labor supply-demand situation has eased up, there have been some improvements such as an increase in job openings. The current account is also in surplus by a wide margin.

The administration has made efforts to bring about mobile and elaborate economic management, as exemplified in the decision in April 1984 for mobile and flexible execution of public business projects in the first half of the fiscal year.

As a result of the above, the GNP of fiscal 1984 is expected to reach around 296.6 trillion yen, and the economic growth rate is estimated to be 6.5 percent in nominal terms and 5.3 percent in real terms. It is also forecasted that commodity prices will remain stabilized and that wholesale prices will increase by 0.3 percent and consumer prices by 2.4 percent.

2. The Basic Attitude of Economic Management in Fiscal 1985

In the international situations surrounding the economy of our nation in fiscal 1985, although the pace of the U.S. economic expansion is likely to slow down, the economy of advanced countries is expected to continue to improve moderately, with stabilized crude oil and commodity prices and progress in technological innovations. Yet, as for employment, severe situations are likely to continue, especially in European countries, which continue to be the

cause of apprehensions against protectionist moves. In developing countries, the economy is expected to grow better as the advanced nations' economy recovers, but problems still remain, such as some countries' accumulated debts.

Our country's financial situation at home is still largely unbalanced. On the other hand, with stabilized commodity prices, new technological innovations seem to be underway, and further activization of the private sector's economic activities is expected.

Under these circumstances, our country should follow the directions set by "Economic and Social Prospects and Guidelines for the 1980s" and plan for a steady growth of the economy, giving the highest priority to domestic demand of the private sector with stabilized commodity prices as its base, and achieve a continued stabilized growth and secure a stable employment situation. At the same time, we need to proceed steadily with administration reform, make efforts to maintain and strengthen the free trade system, to form harmonious international economic relations and to contribute actively to activization of the long and medium term development foundations of Japan's economy and society.

With the above basic assumptions, the basic attitude in economic management for fiscal 1985 will include the following.

First, we will try to bring about the continued growth of the economy, giving priority to the domestic, private-sector demand, and try to stabilize the employment situation.

For that purpose, we will continue to work on appropriate and mobile economic management and make adjustments so that the private sector can act to its maximum capacity, to promote the private sector's active investments, such as in new plant and equipment, and to promote the introduction of the private sector's activities into public business projects. Also, we will try to carry out financial policies adequately and with mobility, while paying attention to the economic trends at home and abroad and to the international monetary situation.

As for the housing situation, we will try to plan and promote a stabilization of the price of land and a smooth supply of housing.

Also, in light of the plan to foster the stabilize active and creative small businesses that can respond positively to the changes of the times, we will make efforts to carry out smoothly small business-related policies.

Furthermore, responding to the changes in the labor supply-demand structure, we will try to carry out employment policies to prevent unemployment and to promote reentering.

Secondly, we will continue with efforts to maintain stable commodity prices.

Recent price changes have been stable, but we must never forget that price stability is the basis of stable life for citizens and the fundamental condition of a balanced economic development. From this point of view, we will pay

close attention to the money supply and carry out in a coordinated manner various policies, such as securing a stabilized supply of essential commodities, investigating and supervising the price fluctuation trend, encouraging the use of imported goods, promoting further rationalization in the distribution of low-productivity goods and imported products, and promoting competitive measures, etc.

Public utilities will be treated carefully with full consideration of the impact on prices and on the life of citizens. Their management should be thoroughly rationalized and based on the principle that only those who benefit should pay the costs.

Thirdly, we will push ahead with the efforts in administrative and fiscal reforms.

We will try to proceed with administrative reform further by reevaluating the role of administration to make it simpler and more efficient, so that administration can respond appropriately to changes in the society and the economy.

As for our public finance situation, a large amount of accumulated government bonds and a substantial deficit in national finance have narrowed the range of choices for fiscal policies, making it increasingly difficult to respond to changes in the economy and the society. For this reason, we will try to carry out fiscal reform steadily and to recover the responsiveness of the national finance by economizing and rationalizing thoroughly government expenses in the fiscal 1985 budget, etc.

Fourthly, fully realizing the position that our nation assumes in the international economic community, we will try to take the initiative to maintain and strengthen the free trade system, to form harmonious economic relations with foreign countries and to contribute actively to activization of the world economy.

For this purpose, we will aim at curbing protectionist tendencies and bringing about expanded and balanced trade, thus improving the economy continuously; we will also try to open our markets further, to promote imports and secure a moderate amount of exports of certain products, and, at the same time, [we will] try to contribute actively to promote the preparations so that new multilateral trade negotiations can begin soon. In addition, industrial cooperation will be actively encouraged, such as further promotion of investment exchanges in advanced technology fields, etc. Furthermore, in order to aid financially the economic and social development of developing countries, we will try to improve economic cooperation further and make it more effective under the medium-term objective of the government development aid plan and to proceed with cooperation through trade and investments.

The fifth policy is that we will straighten the developmental base of our economy and society in the medium-term perspective for the purpose of bringing about active economy and a safe, wealthy life for the citizens.

For that purpose, we will promote creative technological development which will be a source of vitality in our country's economy in the future, and [we will]

prepare the foundation for bringing about a high-level industry structure by creative collectivization of knowledge, etc., for the advanced information society. Also, through deregulations in various fields, maximum utilization of the private sector's capability will be our goal. Furthermore, we will try to obtain security in our nation's economic activities, such as by securing the supply of essential commodities. In doing so, the supply of natural resources and energies should be planned based on medium and long term supply-demand trends, paying close attention to environmental protection and aiming at a balanced optimum mixture in terms of economizing factors and security. [We will] aim at securing a stable supply of petroleum, [by means] such as promoting petroleum stocks and at developing and at introducing alternative energies to petroleum--such as nuclear energy, etc.--promoting nuclear fuel cycle enterprises and at promoting conservation of energy. [We will also aim at] securing a stable supply of mineral resources, such as rare metals, and try to secure the safety of maritime transport. As for agriculture, promoting an increase in productivity, we will try to improve the total food-supplying capacity. In addition, we will urge independent development of each local economy, taking full advantage of local characteristics, and try to form high-quality living space, so that citizens can enjoy a rich living environment.

3. Economic Prospects for the Fiscal 1985

Under the economic management principles stated above, the economic prospects for fiscal 1985 are as follows. In addition, our economy's main actors are the private sector's activities, and many factors in the international environment are hard to predict; in light of the above, the following figures should be accepted with a certain margin.

(1) The private sector's final consumer spending is expected to expand with the stabilized prices and to indicate an increase by 6.9 percent over the previous year. Private investments are expected to increase by 5.9 percent over the previous year; and investments in plant and equipment are expected to increase by 8.3 percent; investments in inventories are estimated to reach 1.7 trillion yen.

Government spending is expected to rise by 1.6 percent compared to the previous year (the government's fixed capital formation is expected to drop by 0.4 percent).

The production of the mining industry is estimated to increase by 6.5 percent over the previous year.

Total employment is expected to increase by 6.5 percent over the previous year.

(2) Commodity prices will continue to change in a stable manner; wholesale prices are expected to rise by 1.1 percent, consumer prices by 2.8 percent over last year.

(3) As for the international balance of payments, increases are expected in both imports and exports. As a result, the balance of trade is estimated to be about 10.7 trillion yen in surplus (Note 1), and the current account is also expected to be 8.3 trillion yen in surplus (Note 2); however, due to the

deficit in the long-term capital account, the basic account is expected to be almost in equilibrium.

(4) As a result of the above, the GNP of fiscal 1985 is expected to be about 314.6 trillion yen, and the nominal and real growth rates will be, respectively, 6.1 percent and 4.6 percent.

(Note 1) About \$44 billion

(Note 2) About \$34 billion

12545

CSO: 4105/236

ECONOMIC

OFFICIAL INDICATORS SHOW ECONOMY LOSING MOMENTUM

OW231009 Tokyo KYODO in English 0958 GMT 23 Apr 85

[Text] Tokyo, 23 Apr (KYODO)--Japan's economic growth is losing momentum, according to official economic indicators released Tuesday.

The Economic Planning Agency said the leading index, consisting of 12 indicators such as new machinery orders considered to foreshadow future economic activity, stood at the boom-bust dividing line of 50 percent in February, the latest reporting month, after sinking to 41.7 percent in January.

The leading index is expected to hover around 50 percent, said economists at the agency. Judging from its recent movements, Japan's economic expansion appears to be running out of steam, they added.

The 11-indicator coincident index, which roughly parallels current trends, fell below 50 percent in February for the second straight month. And the seven-indicator lagging index that mirrors past activity dropped below the market for the first time in six months.

The economists blamed the declines in both indexes on slowing production as a result of decelerating export growth. The latest showing of the two indexes underlined a slowdown in Japan's economic growth, they added.

CSO: 4100/401

ECONOMIC

POLICY TO LIBERALIZE CAR PHONE SERVICE OUTLINED

OW230753 Tokyo KYODO in English 0748 GMT 23 Apr 85

[Text] Tokyo, 23 Apr (KYODO)--The Ministry of Posts and Telecommunications (MPT) Tuesday laid down a policy of liberalizing car phone, pocket pager and cordless phone services, hitherto monopolized by Nippon Telegraph, and Telephone Corp. (NTT).

Official sources said the MPT would Friday seek the opinion of the newly inaugurated telecommunications technology council on technological requirements for pocket pager and cordless phone services in preparation for their decontrol.

The sources said that the pocket pager and cordless phone services would be demonopolized in summer next year at the earliest.

According to the sources, preparations are now under way to ask the council soon on technological requirements in the case of car phone service.

The sources said the three services were theoretically liberalized under the telecommunications business law that went into effect 1 April.

However, because of the problems involved in the assignment of radio frequency, the way is, in effect, still closed for enterprises other than NTT to start such services.

The sources said the U.S. Government had indicated that it would soon press Japan to deregulate the car phone service.

CSO: 4100/400

ECONOMIC

PRC ENSURING ABILITY TO PAY FOR IMPORTS

OW070341 Tokyo KYODO in English 0324 GMT 7 May 85

[Text] Beijing, 7 May (KYODO)--Foreign currency reserves are "not a problem" for China, a Ministry of Foreign Economic Relations and Trade official said Tuesday.

Growing exports, tourism, transportation revenues and remittances from overseas Chinese are all contributing to China's foreign currency reserves, which are "being maintained as part of China's planned economy," Huang Wenjun, spokesman for the ministry, said.

He noted that 47,000 Chinese workers sent abroad last year and 47 Chinese joint ventures overseas brought \$1.7 billion to China.

"We are making sure we have the money to pay for our imports," Huang stressed.

Some Japanese traders have expressed concern that the recent \$2 billion drop in China's foreign currency reserves could limit its ability to import.

Official figures put currency reserves at about \$14 billion, but the amount is rumored in some Japanese banks and trading firms to be as low as \$10 to \$12 billion.

The Japanese traders note that though the reserves are still substantial, China's appetite for foreign plant and technology, combined with the soft market for crude oil--China's main export commodity--could continue to drain China's reserves.

CSO: 4100/477

ECONOMIC.

OECD OFFICIAL INTERVIEWED ON TRADE SURPLUS

OW221441 Tokyo Television Network in Japanese 1220 GMT 22 May 85

[From "New Center 9" program]

[Text] Mr Paye, secretary general of the OECD--the Organization for Economic Cooperation and Development, which is called a helmsman of the world economy, is now visiting Japan. Harsh words were exchanged among various countries over Japan's trade surplus at an OECD ministerial meeting, which was held before the recent summit meeting. Economic Department reporter Ota has met Mr Paye to hear his views on the issue of Japan's trade surplus and prospects for a new round of multilateral trade negotiations.

[Begin recording in English] [Ota] Mr Abe, the foreign minister, told us he had toughest negotiations in the OECD he had experienced before and so attitude for Japan is very strict and very severe. What do you think of it?

[Paye] My impression is that there was no singling out of Japan in this discussion. Maybe, Mr Abe got this impression, but I think that the other ministers probably got the same impression for themselves. And I am quite convinced that, for instance, the Americans, who came under heavy pressure for reducing the budget deficit, probably also got the impression that they had been singled out, but the same is valid for the European countries. And for instance, the EEC has been pressed very much on the problem of launching of a new round of trade negotiations. So they could also say that they had been singled out and submitted to heavy pressure.

[Ota] So what is the stance of the OECD toward the Japanese trade surplus?

[Paye] It is not to be blamed on Japan, because the trade surplus is only the proof of the efficiency of the Japanese economy. So it is the proof of virtues and not the proof of sins. But the fact by itself and without any link with any moral judgment, the fact of the imbalance is by itself creating problems.

What Japan's partners are expecting from Japan is action, continuous action, in order to promote the imports, to promote expansion of the financial market and the opening of financial market in Japan and to promote the international role for your national currency.

[Ota] So, the United States and Japan will be able to draw a compromise from the French Government in starting a new round of negotiations?

[Paye] Excuse me, you mean agreement between Japan and the French Government?

[Ota] Yes, only the French Government is against starting the negotiations next year.

[Paye] Well, no. I wouldn't say that. As far as I know, the French Government is against the launching of the new round. Quite the contrary, and what I listened to in the ministerial meeting was quite clear. The position of the French Government during the ministerial meeting, that was also the position of the EEC Commission, was that it would be risky to try to set a date, an early date for the launching of the new round, because if it were impossible to reach an agreement on the agenda and to embark the developing countries on this new round, that would lead us to go beyond this date without having launched the new round, and that would have psychological and political bad effects. [End recording]

CSO: 4100/503

ECONOMIC

OECD CHIEF URGES REDUCTION OF TRADE SURPLUS

OW231315 Tokyo KYODO in English 1035 GMT 23 May 85

[Text] Tokyo, 23 May (KYODO)--OECD Secretary General Jean-Claude Paye warned Thursday that Japan's trade surplus is creating problems that jeopardize the international free trade system.

Paye, who heads the Organization for Economic Cooperation and Development (OECD), said that the Japanese economy is creating problems with other countries and "these frictions could, if they were to last long, lead some other countries, with the United States at the front, to take protectionist measures that would disturb profoundly the functioning of the world trade atom."

Addressing reporters at the Japan National Press Club, Paye pointed out that a realistic U.S. dollar rate, a reduced Japanese trade surplus and more dynamic growth in Europe will correct the imbalance and strengthen economic growth.

Cooperation is the key for a new round of multilateral trade negotiations, according to the secretary general, and launching the preparatory process by July or September is more important than setting a date for the actual talks.

Paye pointed out that while the ministers at the 24-member OECD meeting in Paris last April agreed on the importance of holding a new round under the General Agreement on Tariffs and Trade (GATT) as soon as possible, there was dissent over setting an early starting date.

However, he said, "There is a good chance to officially launch the new round during the course of 1986."

Although the majority of OECD member nations voted to include a starting date in early 1986 for the new GATT round in the OECD joint communique, several members, including France, argued that it would be difficult to organize the involvement of developing nations at such short notice.

Paye, who arrived in Japan Sunday for an eight-day visit to attend OECD events at the Tsukuba Science Exposition, met with Prime Minister Yasuhiro Nakasone and Foreign Minister Shintaro Abe Tuesday to discuss the outcome

of the Paris OECD meeting and the Bonn summit earlier this month, as well as the current economic and political situation.

A former director of Economic and Financial Affairs in the French Ministry for External Affairs and economist by education, Paye warned that present economic forecasts are based on existing exchange rates and policies of OECD countries with no allowance for change.

However, he said that pending no changes, a realistic forecast of average U.S. economic growth for this year can be expected at the 3 to 3.5 percent level.

He also said that French President Francois Mitterrand and other European heads participating in the Bonn summit of seven industrialized nations complained of "too much preparation." He added, "Hopefully this will lead to more direct and informal contact at summits in the future."

Paye, accompanied by his wife Laurence, a French Education Ministry official, will spend two days in the Kyoto area before returning to OECD headquarters in Paris Sunday.

CSO: 4100/503

ECONOMIC.

COMPANIES PLAN 'SMART-CARD' MARKETING WAR

OW240603 Tokyo KYODO in English 0534 GMT 24 May 85

[Text] Tokyo, 24 May (KYODO)--Japanese companies are gearing up for an intense marketing war over smart cards with built-in microchips that can store and compute data.

The high-tech cards are expected to replace existing magnetic-strip credit and debit cards in the next five to 10 years, creating multi-billion-dollar international sales.

There are also a wide range of non-financial applications for variants of the smart card, such as external memory devices for microcomputers, computer game software, high-security IDs and hospital patients' medical records.

Casio Computer Co, a top pocket-calculator manufacturer, has a head start in the battle, having contracted to export 50,000 smart cards to Mastercard International, Inc of the U.S. for use as combined credit-debit cards in a Florida test project.

Mitsubishi Electric Corp has also entered the new market, with an initial emphasis on non-financial applications such as microcomputer software and high-security IDs.

Toshiba Corp, another electronics giant, is beginning domestic shipments of its smart-card samples this summer, after successfully experimenting with a cashless smart-card shopping system.

The three major printing firms of Dai Nippon, Toppan and Kyodo--which are producing the bulk of conventional magnetic-strip cards--have unveiled their versions of smart cards and are hoping for a major share of the new market.

The U.S., the world's largest card society, is likely to take the lion's share of the global business. Japanese companies are expected to rush into the lucrative U.S. market in the coming years.

Estimates on the burgeoning market are hard to come by, but few doubt that there will be tremendous demand worldwide.

"Just imagine all the magnetic cards being replaced by smar cards," says Mitsubishi Electric spokesman Koji Kokubun. "New computer systems would also be needed to handle the new cards."

In financial applications, the smart card is likely to combine at least credit and debit functions. Such a card would allow the bearer to withdraw money from banking machines and also give him a fixed credit line that could be ready by a point-of-sale computer terminal. The terminal would then automatically debit the bearer's account when a purchase was made. The card is virtually counterfeit-proof.

Inserted into the customer's home computer and linked to a bank by phone, the card would also be able to transfer funds, pay bills and balance his checking account.

A typical smart card combines an 8-bit microprocessor and a 64-kilobit memory chip, and can store data of 8,000 characters--100 times more than a magnetic card.

Depending on the capacities of the built-in chips, smart cards cost 4,500 to 15,000 yen (18 to 60 dollars) on a test-production basis, compared with 100 yen (40 cents) for a magnetic card.

The manufacturers say the cost could be cut down to 1,000 yen (4 dollars) eventually through mass production.

Casio officials are tight-lipped about the price of the smart card Casio is shipping to Mastercard, but there is widespread speculation that it is 7 to 9 dollars, less than half the cost of comparable products test-produced by rival companies.

Mitsubishi Electric is marketing five types of smart cards, initially stressing non-financial applications. The cards cost up to 15,000 yen, depending on specifications.

Mitsubishi Electric's Kokubun says that, among different smart-card applications, the company expects major initial demand for computer game software. Currently most game programs are available in cassettes or ROM (read-only-memory) cartridges.

The company is starting monthly production of 200,000 to 300,000 cards soon and plans to expand production to 1 million by the end of the year.

Mitsubishi Electric has no immediate plans for exporting the products but hopes to enter the export market in the coming years, according to Kokubun.

Toshiba's smart card costs 10,000 yen on a test production basis but the company hopes to bring the cost down to 1,000 yen eventually.

"Our experiments have been highly successful," says Yoshiyuki Sorai, senior manager at Toshiba's business machines and equipment division. "We have had no technical problems."

While credit-debit cards will most likely be subject to common international standards now in the making, variants of smart cards for specialized applications such as high-security IDs do not require common standards.

Santa System Center, Inc, a health-care service firm, has joined forces with Inabata and Co, a trading firm, in selling smart cards to the Japanese public for use in recording medical data.

To protect the holder's privacy, the card requires a special card reader to decode the chip-stored information. The card would be highly useful in emergency care. Users pay 15,000 yen to register and 10,000 yen in annual service fees.

Smart-card-based computer game programs, meanwhile, are being marketed by Hudson Soft Co at 4,800 yen each.

CSO: 4100/503

ECONOMIC

PRC OFFICIAL VIEWS TRADE DEFICIT WITH JAPAN

OW070339 Tokyo KYODO in English 0311 GMT 7 May 85

[By Susan Moffat]

[Text] Beijing, 7 May (KYODO)--China may limit imports from Japan in the remaining three quarters of 1985 to relieve a growing bilateral trade deficit, a Chinese official said Tuesday.

China hopes to expand its exports to Japan this year while maintaining a level of imports "the same or just a little higher than last year," Wei Xiaorong, division chief of the Ministry of Foreign Economic Relations and Trade in charge of Sino-Japanese trade, told KYODO.

The value of Japanese goods imported into China in the first quarter of this year went up 200 percent over the same period of 1984 to \$2.73 billion against exports to Japan of \$1.37 billion, said Wei.

With a \$1.4 billion deficit in the first quarter alone, Wei said the increase was "too high," adding "it could be understood" that imports for the rest of the year would not be allowed to maintain such rapid growth.

China's 1984 trade deficit with Japan was about \$2 billion, fueled by booming imports of steel, chemicals, electronic goods and complete plants and equipment, Wei said.

Although China does not hope to completely balance trade with Japan, increasing exports to Japan is a key point, he said.

"Whether or not in the future Sino-Japanese trade can develop or not depends very much on whether or not China can export its products to Japan," Wei said.

China hopes to export more manufactured and semimanufactured goods, especially garments, Wei said.

He noted that for garments and other manufactured goods, China will need to import technology to create products meeting Japan's high quality standards.

China also wants to increase exports of crude oil, which last year accounted for 52 percent of its exports to Japan.

Though the present oil glut is making Japanese buyers reluctant to purchase from China, Japan should "see the long-term point of view" Wei said, suggesting that China would like a future role as a major supplier to energy-poor Japan.

On tariff and non-tariff trade barriers, Wei said that discussions on exports of raw silk to Japan were "not going too smoothly." "In the past 2 year the Japanese side has not implemented our agreement too well," he said.

Overall, however, prospects look bright for trade with Japan, which accounted for over one-fourth of China's external trade last year, Wei said.

China is working hard to improve the investment climate for Japanese enterprises, which set up 47 joint ventures with Chinese organizations last year, Wei said.

However, he noted that while the number of Sino-Japanese joint ventures jumped last year, "the scale of the investment is not great, and not many of the enterprises are using high technology."

CSO: 4100/477

ECONOMIC

JAPAN, USSR TO BEGIN MOSCOW FISHERY TALKS 11 MAY

OW071225 Tokyo KYODO in English 1203 GMT 7 May 85

[Text] Tokyo, 7 May (KYODO)--Japan and the Soviet Union will start talks in Moscow on Saturday to fix a catch quota and other terms of Japan's salmon fishing in the northwestern Pacific this year, the Fisheries Agency said Tuesday.

A Japanese negotiating team, led by Hiroya Sano, director general of the agency, will arrive in the Soviet capital on Friday.

The agency made the announcement after receiving word from Moscow that the Soviet Union wants to start the talks Saturday.

The discussions will be based on a new 3-year fishery cooperation agreement concluded by the two countries early last week.

The main subjects will be the "fishery cooperation fee" to be paid to the Soviet Union by Japan, and the fishing areas and catch quota.

Agency sources predicted rough going at the Moscow talks, which will be the first to be held under the new bilateral fishery agreement explicitly mentioning the Soviet Union's rights as a country having rivers where salmon spawn.

Complicating matters is the fact that Japan is pressed to conclude the talks as soon as possible now that the annual talks have been delayed until after the start of the salmon fishing season for the first time.

Japan intends to secure a catch quota of 40,000 tons at least, or the same as last year's which represented a reduction from 42,500 tons, maintained from 1978.

However, the sources said, the Soviet Union is expected to press for a further cut this year.

Therefore, Japan will find itself in a difficult position in the context of the amount of its "cooperation fee," which is closely related to the catch quota issue. The fee was 4.25 billion yen last year.

As to fishing areas, Japan will propose shifting the northern limit for medium-sized drift-net fishing boats northward from last year's 44° north latitude. But this will also run into stiff Soviet opposition, the sources said.

Indications are that the departure of salmon fishing boats will be greatly delayed from the usual early May, resulting in shortening Japan's salmon fishing period.

CSO: 4100/477

ECONOMIC

JAPAN BECOMES LEADING CREDITOR IN DEVELOPED WORLD

OW070841 Tokyo KYODO in English 0824 GMT 7 May 85

[Text] Tokyo, 7 May (KYODO)--Japan became the largest net creditor country in the developed world at the end of last year due mainly to its massive overseas capital investments against the backdrop of a worldwide economic recovery and a strong U.S. dollar, government officials said Tuesday.

The officials said Japan's net external assets--external assets minus external liabilities--are believed to have surpassed \$60 billion as of 31 December last year, up sharply from \$37.3 billion a year ago.

The final figures will be reported to a cabinet meeting late this month.

Japan earned a massive amount of foreign currencies last year because of its brisk exports and invested much of the money overseas, thus increasing its external assets.

A new debtor country until the end of 1968, Japan has now overtaken the U.S. as the largest creditor among the developed countries. The U.S., which is expected to become a net debtor country toward the end of this year, registered \$106 billion worth of net external assets at the end of 1983.

The officials said Britain's net external assets are expected to be worth about \$50 billion. Worldwide, Saudi Arabia is expected to be the No 1 creditor with net overseas assets of more than \$100 billion, followed by Kuwait, both Middle East oil producers.

Finance Ministry officials believe the sharp increase in Japan's net external assets will help reverse the yen's depreciation against the U.S. dollar.

But at the same time, they warned of a possibility that Japan may be pressed further to expand domestic demand and increase imports to reduce its huge trade surplus, which amounted to a record \$37 billion in fiscal 1984, which ended 31 March.

CSO: 4100/465

ECONOMIC

BANKING LEADER URGES NEW FINANCIAL SYSTEM

OW231003 Tokyo KYODO in English 0901 GMT 23 Apr 85

[Text] Tokyo, 23 Apr (KYODO)--Japan needs to build a new financial system to cope with changes stemming from the liberalization of its financial markets, a leading banker said Tuesday.

Terming 1985 "a year for building a new financial system," Nobuya Hagura, newly-elected president of the Federation of Bankers' Associations of Japan, told a press conference that Japan's financial system established after the World War II has fulfilled its role and a new financial system is now needed following liberalization of Japanese financial and capital markets.

"Given a consensus in financial circles, I'd like to make efforts to build a new financial system," he said.

Hagura, 66, president of Dai-Ichi Kangyo Bank, succeeded Hajime Yamada, president of Mitsubishi Bank, on Tuesday for a one-year term as head of the federation.

Though he stressed the need to draw up a "grand design" of the new financial system, he did not specify the details of his proposal.

On the controversial trust banking business in Japan, he said, "With foreign banks now allowed to do business in this field, there remains a question whether Japanese commercial banks other than trust banks may also be allowed to engage in the business."

"What is needed is to decide the position which the trust banking business should have in Japan's liberalized financial system," he said.

Regarding demarcation between the banking and securities businesses, he said, "Creating credit and the function of settlement of accounts are the elements proper to the banking business."

"The name of the game is competition and cooperation," he added.

Referring to a possible five-day working week and operating cash dispensers during holidays--the two questions being hotly discussed in the banking industry--he said he would like to promote them with the consensus of financial circles.

ECONOMIC

REBELS BURN JAPANESE PLANTATION IN MINDANAO

OW070601 Tokyo KYODO in English 0554 GMT 7 May 85

[Text] Manila, 7 May, (KYODO)--A Japanese-run mulberry plantation in the southern Philippines has been burned by rebels, the Philippine News Agency (PNA) reported Monday, quoting military sources in Mindanao.

The report said 30 armed rebels also burned three staff houses and a warehouse worth 10 million pesos in Claveria town in Misamis oriental province, about 780 kilometers south of Manila in Mindanao.

Col Agerico Kagaoan, chief of staff of the military regional unified command 10, was quoted as saying that the rebels razed the plantation last Friday after the management refused to give monthly financial contributions to the insurgents.

No injuries were reported.

This is the first time that a Japanese-run firm has been attacked by rebels in strife-torn Mindanao, where communist-led New Peoples Army (NPA) guerrillas fighting the government of President Ferdinand Marcos raid logging firms and plantations almost at will.

An official in the Japanese Embassy in Manila said the embassy was not informed of the incident but will confirm the PNA story with Philippine Government or military officials.

CSO: 4100/477

ECONOMIC

PRC, USSR DESIRE STRONGER TRADE RELATIONS

OW070237 Tokyo KYODO in English 0224 GMT 7 May 85

[By Susan Moffat]

[Text] Beijing, 7 May (KYODO)--China and the Soviet Union have a "common desire to develop trade relations, even before political problems can be solved," Ministry of Foreign Economic Relations and Trade officials said Monday.

China expects steady growth in Sino-Soviet trade, which last year increased faster than trade with any other country, jumping 73.3 percent to \$1.17 billion, according to the officials.

Geological proximity, convenient transportation, and complementary Chinese products hold much promise for trade growth between the two countries, the officials said.

"Development of bilateral relations would be helpful for both countries," they said, noting that Sino-Soviet trade is now recovering from a "weak period" caused by political disagreements.

China insists that the Soviets end their occupation of Afghanistan, their support for the Vietnamese invasion of Cambodia, and their massive military deployment along the Chinese border with Mongolia as conditions to improved relations.

Chinese Vice Premier Yao Yilin is to visit Moscow this June to negotiate the next 5-year Sino-Soviet long-term trade agreement, probably with Soviet Vice Premier Ivan Arkhipov.

CSO: 4100/477

ECONOMIC

JAPAN, CANADA TO DISCUSS LNG EXPORTS 17 MAY

OW141239 Tokyo KYODO in English 1144 GMT 14 May 85

[Text] Nagoya, 14 May (KYODO)--Executive vice presidents of a new consortium led by Petro Canada and U.S. Mobile Co's Canadian subsidiary, Mobile Canada, planning to export Canadian liquefied natural gas (LNG) to Japan, will come here Friday to discuss final terms with four Japanese buyers including Chubu Electric Power Co, the Japanese utility company said Tuesday.

The discussions, latest in a series of negotiations which have stretched over a five-year period, came after the price issue was basically settled in late March and Mobile Canada joined the consortium.

How far the Canadian side can guarantee loans for the project to be extended by Japanese banks is the last focus of concern, the utility company said.

The project calls for exports of 2.35 million tons of Canadian LNG annually to the Japanese group for 20 years starting in 1988.

CSO: 4100/496

ECONOMIC

EC OFFICIAL SOLICITS JAPANESE GASOLINE IMPORTS

OW141121 Tokyo KYODO in English 1113 GMT 14 May 85

[Text] Tokyo, 14 May (KYODO)--European Community Commission Director General for Energy Christopher Audland Tuesday asked Japan to buy gasoline from new refining facilities in the Middle East, expected to be in full operation in 1987, Ministry of International Trade and Industry officials said.

Audland met with Natural Resources and Energy Director General Masuo Shibata and asked that Japan take an "equitable share" in buying gasoline from the five new refining plants in the Mideast area, the officials said.

Shibata told Audland that the issue of importing gasoline is currently being studied by MITI's Advisory Committee and MITI will wait for the outcome, expected early next year.

Japan has been following a policy of importing crude oil rather than gasoline to maintain its domestic refining plants.

A senior MITI official later said that the EC proposal on buying gasoline from the Middle East would force Japan to decide next year whether to allow gasoline imports or not.

Audland told Shibata that the EC cut back refining facilities by some 33 percent from 1977 to 1983, twice the cutback by Japan, the officials said.

Audland and Shibata also exchanged views on the general energy policies of both sides, in such areas as oil, electric power--including nuclear power--coal, gas and other efficient forms of new energy, they said.

Audland arrived in Japan Sunday for a five-day visit to meet government and business leaders and exchange views on the international energy situation and other mutual concerns.

CSO: 4100/496

ECONOMIC

BIG 3 ELECTRICS PLAN INVESTMENT INCREASES

OW240345 Tokyo KYODO in English 0333 GMT 24 May 85

[Text] Tokyo, 24 May (KYODO)--Japan's three major electric companies plan to invest 52.2 billion yen on new plants and equipment in fiscal 1985 which started last April, up 3.4 percent over the previous year, the firms said Friday.

The growth rate is small, compared with a 47.7 percent year-to-year increase in fiscal 1984, they said, blaming the bearish figure on a decline in semiconductor demand domestically and overseas.

By company, the investment by Hitachi Ltd is to slip 1.7 percent to 200 billion yen. Toshiba Corp will increase its investment by 4.0 percent to 197 billion yen with increases in color television sets and video tape recorders being offset by a drop in the semiconductor field.

Mitsubishi Electric Corp plans to expand its investment 11.6 percent to 125 billion yen, reflecting a boost in color TV tubes, Mitsubishi said.

Meanwhile, the three companies also disclosed plans to boost production of 256 kilobit dynamic random access memory (D-RAM) chips during the fiscal year.

Toshiba plans to beef up assembly of the very large scale integrated circuits from the present 1.5 million chips per month to 5 million by the end of this year and to 7.5 million by next March. Mitsubishi will also increase monthly production of the chips from one million currently to 3.5 million by fall and to 5 million late this year.

Hitachi, which is presently producing a total of 4 million D-RAM chips monthly, refused to give specific figures.

CSO: 4100/503

ECONOMIC

SUHARTO URGES JAPAN TO LOWER PLYWOOD TARIFFS

OW060947 Tokyo KYODO in English 0903 GMT 6 May 85

[Text] Jakarta, 6 May (KYODO)--Indonesian President Suharto urged Japan to lower tariffs on Indonesian plywood, Masayuki Fujio, special envoy of Japanese Prime Minister Yasuhiro Nakasone said Monday.

Fujio, chairman of the Policy Affairs Research Council of Nakasone's liberal Democratic Party, quoted Suharto as expressing concern about trade problems between the two countries stemming from the tariffs on plywood.

He is visiting Indonesia on the first leg of his four-nation southeast Asian tour.

Suharto was quoted as saying Indonesia is prepared to expand exports plywood, [as received], replacing the traditional lumber export, so as to expand its labor market.

Irritation grows in Indonesia about Japan's 17 to 20 percent tariffs on plywood made of broadleaf trees which account for a major portion of Indonesian plywood exports. Tariffs on needle-leaved plywood mainly from the U.S. are 15 percent.

Fujio said Japan will make efforts to start lowering tariffs on plywood in fiscal 1988 as mentioned in the market-opening measures announced 9 April.

Suharto also called on Japan to continue its import of Indonesian crude oil to maintain the country's present share in the Japanese market.

He said Indonesia has been a stable oil supplier to Japan.

CSO: 4100/477

ECONOMIC

BRIEFS

1984 OVERSEAS CONSTRUCTION DOWN--Tokyo, 23 May (KYODO)--Reflecting dwindling construction demand in the Mideast and Asia, overseas construction orders received by 57 Japanese firms in fiscal 1984 decreased 7.8 percent from a year earlier to 935.27 billion yen, the Overseas Construction Federation of Japan said Thursday. Orders from the Mideast and Asia decreased 53.6 percent and 25.7 percent respectively. But those from North America and Oceania increased 150 percent and 94.4 percent, due to increased orders for commercial buildings, hotels and housing, federation officials said. The fall in Mideast orders was blamed on the prolonged Iran-Iraq war and poor oil demand worldwide, the officials explained, while the decline in Asia was due to a lack of large-scale construction projects. [Text] [Tokyo KYODO in English 0605 GMT 23 May 85 OW]

NAKASONE ON AGRICULTURE--Tokyo, 24 May (KYODO)--Prime Minister Yasuhiro Nakasone said Friday he will take into account the special nature of Japanese agriculture in drawing up an action program designed to give easier access to foreign goods. Nakasone told an Upper House plenary session that exceptions should be minimal in the action program, to be announced in July. But he said agriculture should be given special treatment because it is related to the country's security. The expected program is a follow-up to a market-opening package announced in April. Nakasone also said a new round of multilateral trade negotiations should be comprehensive and balanced and not be carried out at the expense of agriculture. [Text] [Tokyo KYODO in English 0426 GMT 24 May 85 OW]

JAPAN, CANADA ECONOMIC COOPERATION--Tokyo, 24 May (KYODO)--Japan and Canada will hold a meeting of their joint committee on economic cooperation in Tokyo next Tuesday and Wednesday, the Foreign Ministry said Friday. To be discussed are economic trends in both countries, bilateral economic cooperation and trade issues. Panel sessions are also scheduled on energy and mineral products, manufacturing, agriculture, fishery and forestry. The meeting will be attended by deputy economic and foreign ministers of the two countries. [Text] [Tokyo KYODO in English 1100 GMT 24 May 85 OW]

UK EXPORTS TO JAPAN--Tokyo, 23 May (KYODO)--Foreign Ministry Shintaro Abe Thursday urged Britain to step up efforts to increase its exports to Japan to better balance bilateral trade currently in favor of Japan. Abe made the appeal in reply to a question by a socialist party interpellator at the Upper House Foreign Affairs Committee discussing the British criticism of Japan's trade policy in winning a contract from Turkey to construct the second Bosphorus bridge. Abe said there was nothing shady about the tender. Abe, while admitting Japan has to increase its domestic demand and improve foreign access to its market, said it is not possible to specify Japan's import expansion target under the current free trade system, and thus urged Britain to redouble its effort to increase exports. British criticism of Japan's "market closedness" was touched off as Prime Minister Margaret Thatcher accused Japan of unfairly helping the Japanese-led consortium in winning the bridge contract by offering a large yen loan to Turkey. Britain's trade deficit with Japan totaled some 2.8 billion pounds last year. [Text] [Tokyo KYODO in English 1119 GMT 23 May 85 OW]

JAPAN, EC TRADE TALKS--Brussels, 22 May (KYODO)--Japan and the European Community (EC) will hold talks on trade and economic cooperation before Japan announces an action program in July for opening its market to foreign products, diplomatic sources said Wednesday. The Trade Expansion Committee (TEC), established at a cabinet-level meeting in May last year, will hold its second meeting May 30-31 in Tokyo, they said. High-ranking EC and Japanese officials will discuss ways to make it easier for EC products to enter the Japanese market. Another set of meetings will be held June 5, also in Tokyo, the sources said. EC officials said the talks on economic cooperation, which have happened twice a year since 1973, will also cover the international economic situation. Japanese Prime Yasuhiro Nakasone is expected to unveil tariff reductions in June and the action program in July, following his market-opening package announced in April. [Text] [Tokyo KYODO in English 0056 GMT 23 May 85 OW]

INDUSTRIAL OUTPUT FALLS--Tokyo, 22 May (KYODO)--Japan's industrial output fell 0.7 percent in the first quarter of calendar 1985 from the previous quarter for the first fall in nine quarters due mainly to production adjustment in the electronics and electric machine industries, the Ministry of International Trade and Industry reported Wednesday. MITI said, however, the average index of industrial output for the January-March period, at 119.8 against the 1980 base figure of 100, was up 6.9 percent from the same period a year ago. Reflecting a lull in exports to the U.S., January-March shipments also declined 1.2 percent from the previous quarter for the first fall in nine quarters, the report said. The January-March shipment index was given as 114.4 against the 1980 base figure of 100, up 4.5 percent over the year-earlier level. The report also said that Japan's industrial output in fiscal 1984, ended last March, rose 9.9 percent over the previous year with the average index standing at 118.3, also against 100 for 1980. The industrial shipment index stood at 113.6 for a rise of 7.4 percent. The production index for March was revised downward by 0.2 percentage points to 118.6, against the 1980 base figure of 100 for a decline of 1.4 percent from February, the report said. The revised shipment index was given as 106.4, up 1.6 percent. [Text] [Tokyo KYODO in English 0756 GMT 22 May 85 OW]

ROK BUSINESS, TRADE MISSION--Tokyo, 23 May (KYODO)--Prime Minister Yasuhiro Nakasone Thursday encouraged a visiting South Korean business mission to find many good Japanese trade partners to increase exports to Japan through detailed knowledge of Japanese market trends. He made the remark at his official residence when the representatives of the 207-member South Korean mission to promote exports to Japan. Pak Yong-hak said the mission, led by himself and including many representatives from small enterprises, would try to grasp buyers' desires correctly. The mission will stay until May 31. Pak said this week that South Korea suffered an overall trade deficit of 1.1 billion dollars and a bilateral deficit with Japan of 3 billion dollars last year. He is hoping that his mission will contract export deals worth at least 500 million dollars during the current Japan visit. [Text] [Tokyo KYODO in English 0604 GMT 23 May 85 OW]

CONTINUED ECONOMIC GROWTH SEEN--Tokyo, April 24 KYODO--Supported by stable commodity prices and an uptrend in corporate earnings, Japan can be expected to maintain its economic growth in years ahead, Finance Minister Noboru Takeshita said Wednesday. "Japan's economy is in an expansionary stage as plant and equipment investment in private sectors is increasing," Takeshita said. Takeshita's insistence that private sector demand is healthy indicated his opposition to some calls in the government urging financial measures to expand domestic demand. He told a meeting of the finance ministry's regional bureau chiefs that commodity prices were at their most stable since the world war. Takeshita also said Japan should make efforts to open its market wider to help improve the world economy. On the budget for fiscal 1986, Takeshita said the finance ministry should set "severe" limits on budgetary requests to be submitted by government ministries and agencies in mid-year. Manufacturing industries are continuing high levels of production with videotape recorders and automated office equipment showing the way, regional managers said at the meeting. Personal spending, they noted, is steadily rising as shown in increasing sales in clothes and a growth in travel spending. Among sectors showing increases in plant and equipment investments are electrical machinery, chemicals, paper-pulp, general machinery and autos, they said. The employment situation is generally improving, they added. [Text] [OW240235 Tokyo KYODO in English 0201 GMT 24 Apr 85]

INDUSTRIAL PRODUCTIVITY RISES--Tokyo, April 17 KYODO--Japan's mining and manufacturing productivity in 1984 increased 9.9 percent over the preceding year, the Japan productivity center reported Wednesday. The center said labor productivity in the manufacturing sector alone rose 10.0 percent, marking the first two-digit growth since a gain of 11.0 percent was recorded in 1979. It attributed the favorable growth to bullish exports caused by steady economic recovery at home and abroad, and substantial plant investment in the private sector that led to a rise in the operation ratio of factories. By industry, electrical machinery, including electronics-related firms, marked a 20 percent growth in productivity, followed by precision instruments with a 16.6 percent surge and steel with a 12.1 percent rise. In contrast, the leather industry suffered a 3.2 percent decline and the lumber and wood product industry a fall of 0.8 percent, the center said. [Text] [OW171221 Tokyo KYODO in English 1207 GMT 17 Apr 85]

CURB SOUGHT ON COTTON EXPORTS--Osaka, 7 May (KYODO)--The cotton spinning industry will soon urge Pakistan to restrict cotton yarn exports to Japan, a top industry leader said Tuesday. Masao Kobayashi, president of the Japan Spinners Association, said he would visit Pakistan as soon as possible to make what he called a final request for export curbs. If Pakistan did not agree, the association would ask the government to impose an import quota system on Pakistani cotton yarn imports under an international textile agreement, he said. Pakistan assured the association in January that it would consider introducing a price-checking system to prevent unjustifiably cheap shipments to Japan, industry sources said. But Pakistan told the association recently that the proposed price control system could not be introduced due to objections from the local industry, they said. The association claims subsidized exports from Pakistan are hurting the Japanese industry. [Text] Tokyo KYODO in English 1120 GMT 7 May 85 OW]

INDUSTRIAL WORKERS' WAGES RISE--Tokyo, 3 May (KYODO)--Japan's wages in the industrial sector rose 3.6 percent in 1984 to mark the second lowest year-to-year increase on record, according to a government survey released Friday. The Labor Ministry survey showed that an average worker, aged 37.4 years, received 206,500 yen in monthly wages. The figure excludes bonuses and overtime pay. The monthly wage for an average male worker totaled 237,500 yen, up 3.6 percent from a year ago, and 139,200 yen for women, up 3.3 percent. The combined year-to-year pay increase came to 3.6 percent, against 3.2 percent in 1983, the lowest on record, the ministry said. [Text] [Tokyo KYODO in English 1051 GMT 3 May 85 OW]

TURKISH BRIDGE CONSTRUCTION CONTRACT--Tokyo, 10 May, (KYODO)--A Japanese-Italian-Turkish consortium Friday signed a contract with the Turkish Government in Ankara for construction of a \$550-million bridge over Turkey's Bosphorus Strait, Ishikawajima-Harima Heavy Industries said. The construction project was awarded to the three-nation group joined by IHI, Italy's Iprello and Turkey's STFA, among others, in a widely-reported bidding contest also entered by British and other international consortia. Earlier, the Japanese Government denied a claim by British Prime Minister Margaret Thatcher that her country lost the bid contract because Japan heavily subsidized the project. The project is to build a second bridge over the Bosphorus Straits linking Asia with Europe, with completion expected in July 1988. The bridge will be 1,510 meters long and 39.4 meters wide and linked to a 220-kilometer highway. The Japanese group, composed of Ihi, C. Itoh and Co, Mitsubishi Heavy Industries, and Nippon Kokan K. K., will undertake construction of the bridge and connecting 37-kilometer road. Japan is expected to give official development assistance to Turkey as Ankara asked for a yen loan last January. [Text] [Tokyo KYODO in English 1111 GMT 10 May 85 OW]

TRUCK PRODUCTION IN INDIA--Tokyo, 10 May (KYODO)--Nissan Motor Co announced Friday it has begun production of small-sized trucks in India in a joint venture with Hyderabad Allwyn Ltd. The joint firm, Allwyn Nissan Ltd, will produce 3,000 3-ton cabstar trucks in 1985, gearing up to full capacity of 10,000 units a year in 1989. The company initially procuring 44 percent of its automotive parts in India, but plans to raise the local content ratio to 95 percent over the next 4 years, a Nissan official said. To diversify its activities in India, Nissan also plans to begin production of Sunny passenger cars in a technical tieup with Premier Automobiles Ltd, the country's number two passenger car maker, the official added. [Text] [Tokyo KYODO in English 0951 GMT 10 May 85 OW]

JOINT VENTURE IN FRANCE--Nagoya, 30 Apr KYODO--Toyoda Machine Works Ltd announced Tuesday that it has established a machine tool manufacturing company in France in a joint venture with French interests. The joint company, named Ernault Toyoda Automation, will take over all the assets of H. Ernault Somua, a leading French machine tool company, which went bankrupt recently. Ernault Toyoda, capitalized at 100 million francs, will be owned equally by Toyoda and the French interests, including a state-run investment company. It will invest about 1.3 billion yen in installation of production facilities and begin full-fledged operations in mid-1986, Toyoda officials said. It will produce 50 numerically controlled lathes and machining centers a month for sale in Europe and the United States, they added. [Text] [Tokyo KYODO in English 0811 GMT 30 Apr 85 OW]

YEN CREDIT TO HONDURAS--Tokyo, 26 Apr KYODO--The Japanese Government has decided to provide a credit of 9.62 billion yen to Honduras to help repair the country's trunk roads and set up irrigation facilities for a 20,000-hectare area along the Choluteca River, Foreign Ministry officials said Friday. Japan's credits to Honduras now total 27.15 billion yen with this credit added to two previous credits. The two governments will discuss the interest rate and repayment period later. [Text] [Tokyo KYODO in English 0957 GMT 26 Apr 85 OW]

GRANTS TO INDONESIA--Tokyo, 26 Apr KYODO--Japan will provide Indonesia with two grants totaling 1,170 million yen to help modernize the country's national news agency and help combat crop diseases, the Foreign Ministry said Friday. Notes to this effect were exchanged the same day in the Indonesian capital city of Jakarta. Of the total amount, 725 million yen will be spent for improving ANTARA News Agency, while the rest will be used by the country to purchase laboratory equipment to study wheat and other crop diseases. [Text] [Tokyo KYODO in English 1202 GMT 26 Apr 85 OW]

INCREASE IN MACHINERY IMPORTS URGED--Tokyo, April 23 KYODO--The Machinery Import Committee of Prime Minister Nakasone's Permanent Trade Conference Tuesday asked the government to extend tax incentives and improve other conditions for Japanese firms to import more machinery to reduce Japan's swelling trade surpluses. Hitachi Ltd Chairman Hirokichi Yoshiyama, who heads the committee, said he would report the recommendations to a meeting of the trade conference, scheduled for Thursday. Yoshiyama said at a press conference after the two-hour meeting that the government should move swiftly to offer tax reductions for companies increasing imports of high technology goods, cut tariffs on spare parts needed for after-sale services and establish a state-financed parts center for imported machinery. Yoshiyama also said that private circles as well as central and local government should try to publicize the need to expand Japan's machinery imports to correct the trade imbalance, now heavily in favor of Japan. It was the first meeting of the Machinery Import Committee, established in June of 1983, because there had not been serious problems in Japan's imports until recently, Yoshiyama said. [Text] [OW231155 Tokyo KYODO in English 1011 GMT 23 Apr 85]

AGREEMENT SIGNED WITH POLAND--Warsaw, April 17 KYODO--Japan and Poland ended a two-day economic committee meeting here Wednesday with an agreement to double their annual bilateral trade to 250 million dollars by 1987. Japan's two-way trade with Poland was 134.85 million dollars last year. Polish delegates at the meeting asked for Japanese loans to help achieve the goal. They also asked for the transfer of Japanese high technology to Poland and cooperation in Polish efforts to improve its aging industrial facilities. The Japanese delegates, however, replied they would study the requests after they returned to Japan. The joint session, ninth in a series, was held following a lapse of five and a half years. The delegations agreed to hold the next session in Tokyo a year from now. The Japanese delegation, headed by Toshikuni Yahiro, president of the Trading House Mitsui and Co, called on Prime Minister Wojciech Jaruzelski earlier Wednesday. Delegation sources said that the Polish leader asked for Japanese help in improving the Polish economy. [Text] [OW180205 Tokyo KYODO in English 0045 GMT 18 Apr 85]

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